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HON. JAMES MURDOCK

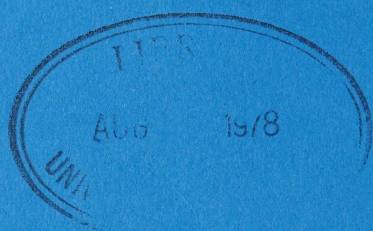
MINISTER OF LABOUR

COMBINES INVESTIGATION ACT, 1923

INVESTIGATION INTO ALLEGED COMBINING IN THE DISTRIBUTION OF FRUIT AND VEGETABLES

Interim
Report of Commissioner

February 18, 1925



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Department of Labour, Canada

HON. JAMES MURDOCK

MINISTER OF LABOUR

COMBINES INVESTIGATION ACT, 1923

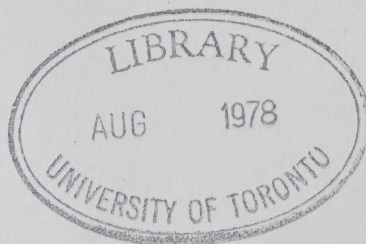
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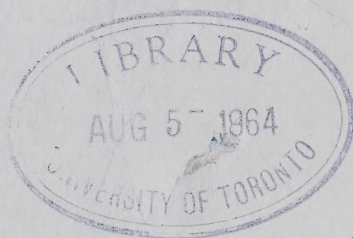
Report of Commissioner

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February 18, 1925



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OTTAWA, February 18, 1925.

Honourable JAMES MURDOCK,
Minister of Labour,
Ottawa.

SIR,—The undersigned has the honour to transmit the report of Mr. Lewis Duncan, Commissioner appointed by Order in Council to investigate an alleged combine in the distribution and marketing of fruit and vegetables.

HARRY HEREFORD,
Registrar,
Combines Investigation Act.



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PART I—INTRODUCTION

OTTAWA, ONT., February 18, 1925.

HARRY HEREFORD, Registrar,
Combines Investigation Act, 1923,
Department of Labour,
Ottawa, Ont.

SIR,—In compliance with the instructions of the Honourable the Minister and in accordance with section 21 of the Combines Investigation Act, 1923, the undersigned has the honour to transmit the following second interim report of the investigation being conducted into an alleged combine in the distribution of fruits and vegetables. The report refers to conditions as found in the provinces of British Columbia, Alberta, Saskatchewan and Manitoba.

APPOINTMENT

Following a formal complaint under section 5 of the Combines Investigation Act, 1923, signed by six residents of the province of British Columbia, and forwarded by M. J. Crehan, chartered accountant of Vancouver, the undersigned was, by P.C. 1124, as amended by P.Cs. 1300 and 1469, appointed a Commissioner to investigate an alleged combine in the production, storage, transportation, price, purchase, barter and sale of fruits and vegetables. The companies named in the Order in Council as parties to the alleged combine were numerous, but, speaking generally, were those brokers and jobbers who were either members of the Nash organization in Canada, or were shareholders in the Growers' Sales Agency Limited.

INVESTIGATION

Pursuant to the said Orders in Council and the statute, the undersigned proceeded to make an investigation into the operation of the alleged combine. Evidence has been taken under oath at various places and books and records examined. From time to time and for various phases of the work the undersigned has had the assistance of yourself, L. F. Burrows, Chief of the Markets Extension Division of the Department of Agriculture; F. E. Harrison, of the Department of Labour; Messrs. F. H. Steele, R. G. L. Clark, M. P. O'Neil, W. B. Gornall, C. Brooks and F. Gow, Fruit Inspectors of the Department of Agriculture; and of Messrs. A. D. Crease and Eric Pepler, Barristers of Victoria and Vancouver respectively; Messrs. Hudson and Harvey, Chartered Accountants, Victoria; Buttar and Chiene, Chartered Accounts, Vancouver; Harvey, Cole & Robertson, Chartered Accountants, Calgary; and H. S. Hanson, Chartered Accountant, Winnipeg.

TIME SPENT

Your commissioner has been engaged on the actual work of the commission at Vancouver, Victoria, Vernon, Calgary, and Winnipeg for a period of less than three months, but from September to December, when your commissioner was absent, the work was continued by yourself and Mr. L. F. Burrows.

THE PROBLEM

The question for investigation is whether by reason of the operations of any combine of middlemen the interests of the public, whether producer, consumer or others, are prejudicially affected.

The Producer.

From the point of view of producer, the question takes various forms: first, whether the great spread between the moneys returned to him and the price paid by the consuming public is due to the operations of any combine; secondly, whether unfair or illegal profits are taken by the same means; and finally, whether there is any restriction in the supply of his goods to the public. The question is a serious one, for there is no doubt that the pittances received in the past by the British Columbia grower have caused many to sell or abandon their land. During the course of the commission the following communication was received from a grower:—

. . . . A rancher's investment brings him no interest, small or large, and his time is counted for nothing. Yet we go to Vancouver and elsewhere and see with our own eyes our fruit being sold at very high prices—yet we dare not spend a cent other than for dire necessities. . . .

We must go on working or let our ranches die or go elsewhere and earn money as several are doing right here (I could give their names) to live and pay help to keep the trees alive. . . .

Of all classes of the population the producer, whether growing wheat, or eking out an existence in raising fruit and vegetables, or otherwise striving to wrest a living from the soil has had a bitter struggle. But among all producers it is doubtful whether any class has had a more grim and discouraging battle for existence than those engaged in fruit farming. Dependent on weather and season, toiling himself with wife and family early and late, compelled at times to employ additional help, obliged to purchase containers for a perishable product, dependent on agents to dispose of his product usually for an unnamed consideration on distant markets, and faced in a northern climate with American competition before his season arrives, the Canadian fruit grower has had to struggle desperately for a bare living. The wonder is that he survived.

The situation in British Columbia in January, 1923, appears from the following:—

KELOWNA, B.C., January 29, 1923.

Mr. D. L. DAVIDSON,
Mutual Brokers, Ltd.,
Winnipeg, Man.

Dear Mr. DAVIDSON,—

Reorganization still goes on in the valley. Growers by the dozen are camping on all the shippers' doorsteps looking for money. It has become so strenuous that our Credit Manager has been practically obliged to take a week's leave of absence in an endeavour to recuperate. Nearly every grower in the valley is broke, even appealing to the personnel of the company for small temporary loans of \$5 and \$10. This is certainly a nice state of affairs. You people on the outside may think from the tone of our letters that we are arbitrary and cantankerous, but we really believe we have reason to be; if you were here in the valley and had to deal with these matters for a couple of weeks, the novelty would soon wear off and it would become a gruesome task.

Yours truly,
THE BRITISH COLUMBIA GROWERS, LTD.,
by B. McDONALD, Manager.

BMCD;mw

There is also a letter from A. C. Stephens at Vernon, who was collecting Summerland accounts, to W. E. Carruthers, Nash supervisor at Calgary, in which Stephens said:—

I sure stepped into a nest of hornets there without knowing where I was going till I was up against them. The way feeling is running down there it is a wonder I got anything at all. Charlie Brosi was well spoken of and the Mutual Organization generally, but it was largely a matter of a lot of them being right up against it watching their families starving and they just naturally turn "Red." It is a bad time to ask a man for money or for a note.

In September, 1923, Snow of Mutual (Vancouver) Limited, writes Carruthers:—

The writer is meeting the local growers daily who are talking as though they were a bunch of starved Russian refugees.

and on April 22, 1924, Snow wrote Carruthers:—

Do not think for a moment it gives the writer any pleasure to advance money to the growers. We would have been much better to-day if we did not have to worry about some of the advances that we are continually being asked for. You ask if they are absolutely broke in Victoria. We do not see any difference between the growers over there and those in any other place, only that they are just bent, not broke.

(b) *The Consumer.*

The problem is likewise of concern to the consumer who is interested in a supply of fruit at reasonable prices, and in the fact that, in the past, quantities of fruit in British Columbia appear to have perished through lack of marketing.

(c) *The Trade.*

The third group of interested persons consists of jobbers and others. In so far as they are outside any combine, and prevented from obtaining supply, or in so far as they are injured by the operation of any combine these parties are also affected.

PRODUCERS

The producers of British Columbia may be classified as organized and unorganized; and are known as co-operatives and independents. The co-operative associations, which represent an achievement in organization, have made possible what slight amelioration there has been in the condition of the growers. The independents are enabled in some cases to avoid certain of the overhead to which the co-operatives are subject, but in so doing, they take the benefits created by their fellow growers without contributing to the cost; and in many cases by their unregulated marketing seriously disorganize the market for both parties. Like some fungus they sap the strength of the tree which shelters them.

The principal organization of organized producers in British Columbia is the Associated Growers of British Columbia Limited, which is the selling agency for some thirty locals. The magnitude of the operations of the Associated will be seen from the total sales of 1923, which were \$3,279,609. In that year there were 3,287½ cars distributed throughout Canada, and 925 exported; 3,132,182 packages of fruit, 139,605 packages of light vegetables, and 12,916,102 pounds of bulk vegetables were handled. The salaries of management and the salaries of other help were moderate, as will be seen by a comparison with salaries in four typical jobbing and brokerage houses.

SALARIES OF MANAGEMENT AND OTHER HELP FOR ONE YEAR CALCULATED AS A PERCENTAGE ON SALES

	Sales	Salaries of Management		Salaries all other help		Total all salaries	
	\$	\$	%	\$	%	\$	%
Total of four jobbing houses	1,865,679	25,474	1.37	74,454	4.0	99,928	5.37
Associated Growers Ltd.	3,279,609	38,559	1.18	33,766	1.03	66,648	2.21
Total of four brokerage houses	1,329,781	26,769	2.01	9,588	0.72	36,357	2.74

* Note:—"Salaries of Management" in the case of jobbing and brokerage houses include certain contributions to "central office expense."

Among other producers' associations may be mentioned the Berry Growers Co-operative Union of B.C., the Saanich and Gordon Head Berry Growers, the Victoria Hothouse Association, the Mainland Hothouse Association, and the Dewdney Rhubarb and Vegetable Association.

SUPPLY AND ECONOMIC SITUATION

The British Columbia producers' goods come into the market after the various crops of the different southern producers have successively appeared. By that time the "cream" has been taken off the market, and consequently the British Columbia producer needs all the assistance he can get. His market moreover is what has been called a "pocket" market. It is limited to the three western provinces, for he is not in the position of being able to dispose of his goods north and south as can the producer on the American Pacific slope.

Partly in recognition of this fact there has been a tacit understanding for some years among the various jobbers in different centres in western Canada, to the effect that they will not import American goods in competition with British Columbia products while the British Columbia season is on. The understanding is not altogether disinterested however, for no group of jobbers could afford to be identified with an anti-Canadian producer policy; and jobbers handling Canadian products, particularly on a consignment basis, are usually well able to compete with other jobbers who have bought American goods at fixed prices and have paid duty. The jobber with the Canadian consigned goods is often in the position of being able, without harm to himself, to make the other jobber take a loss.

The British Columbia crop is marketed either in l.c.l. (less than carload) or in carload lots. The less perishable products such as vegetables and apples are marketed mainly in carlots. The more perishable products such as berries and hot-house tomatoes are marketed both ways. The carlot distribution extends as far east as Winnipeg, but due to the high cost of express and to deterioration of the berry, the l.c.l. shipment of berries seldom extend as far east as Regina. L.c.l.s mainly come from individual growers who ship their products to different jobbers to handle for them on consignment. At times on the Calgary market l.c.l.s cause a serious situation, making it difficult to obtain a reasonable price for any berries.

SYSTEM OF DISTRIBUTION

A small proportion of the fruit and vegetable produce of British Columbia is marketed by straight sale on C.O.D. terms by producer to consumer, the medium used being either express companies or the post office (parcel post). This method appears to give general satisfaction and could with advantage be much more widely used. In many cases it has been found that berries dispatched by express or parcels post to remote prairie points have arrived in excellent condition, while fruit of the same picking marketed through the usual channel of broker, wholesaler and retailer, has given poor returns on account of deterioration. It is understood that the postal authorities have under consideration the question of increasing the parcels post limit from 11 pounds, at which it now stands. If the increase were to 22 pounds or even 18 pounds, a material improvement of a minor nature in distribution would be effected.

A larger proportion of the crop is, as has already been mentioned, marketed by individual producers consigning particularly berries in l.c.l. lots to jobbers for sale on their behalf.

The main distribution, however, is by sale in carlots through some broker or other agent of the grower to the various jobbers in the three western provinces, who resell to the retailer by whom the product is finally distributed to the con-

sumer. The factors present and potential in this scheme of distribution to the retailer are five:—

- (a) The Nash interests, both brokers and jobbers.
- (b) The Growers Sales Agency Ltd., and the organized independent jobbers.
- (c) The Local Fruit Jobbers' Associations.
- (d) The unorganized independent jobbers.
- (e) Direct marketing by growers.

(a) The Nash Interests

The Nash interests are by far the most powerful single group of distributors in Western Canada. They consist of some 45 incorporated companies, operating brokerage and jobbing houses in all principal western towns. They are in close association with the 84 Nash American companies, which operate over the United States of America, principally in the western States. (See appendix 1 for list of these companies).

Technically the Nash interests are a combine within the meaning of section 2 of the "Combines Investigation Act", though it may be a question whether by their peculiar form of association they evade the special provisions of the "Sherman Anti-Trust Act" and the "Clayton Act."

The organization is controlled by an informal and apparently non-legal body, the so-called "Executive Committee" of the Nash Shareholders Company, whose headquarters are at Minneapolis. This committee is distinct from the directorate, containing as it does persons who are not directors. Minutes are kept; and all major questions of policy come before the committee, which passes on them, the decision of the committee being the decision which is acted upon.

The shares of the 129 Nash companies are held by two classes or groups of shareholders: (a) the basis shareholders, and (b) the employees of the organization. When a business is bought out and a new company formed the stock or a proportion of it in the new company is offered to the basis shareholders who have the right to subscribe for a certain defined percentage of all stock. Later, or in some cases at about the same time some of this stock is allotted to employees. It is said to be the policy of the organization to encourage thrift and saving among their employees—"only thrifty and saving persons succeed"—and with this in view all employees are invited to say what they expect to be able to save each year. Applications to the amount of the estimated saving are filled out and forwarded to Nash Shareholders Company, where they are dealt with by Mr. W. K. Nash, who allots to the applicant stock in one or more of the Nash companies. The idea is to distribute the holdings of the employees as widely as possible throughout the organization. Not all the companies pay the same dividend, and some pay none, but Mr. Simington has testified that the average dividend return to employees is about 10 per cent and the aim is to strike a fair average.

Employees and others receiving stock must sign a formal contract under which they give Nash Shareholders Company the right to purchase the stock at its book value in the books of the organization should they leave the organization or on death.

It results from this that the shareholders of the different companies are many, and generally speaking, different in different companies. So far as the legal ownership of each company is concerned it is different in each case, but control is in fact maintained by Nash Shareholders Company through the stock contract, the sense of corporate unity and the "Executive Committee." The shareholders and directors of the various companies exercise no real control over the policy of the particular house; nor do they collectively exercise any real control over the operations of the organization.

The growth of this "combine"—using the word in no offensive sense—has been amazing and is a tribute to the organizing ability of the brothers Nash. In 1906 there were three companies, the Finch Winslow Carlisle Company of Crookston, Minn., the Minot Grocery Company of Minot, N.D., and the Grand Forks Mercantile Company of Grand Forks, N.D. In 1907 an extension was made into Canada; and in each succeeding year two or more new companies were established in new centres, the banner years being the war years of 1915, 1916, 1917 and 1918, when 10, 14, 23, and 6 new companies were started.

A fair idea of the importance of this organization and of its power is conveyed by a letter dated August 30, 1923, from W. K. Nash, which reads as follows:—

NASH SHAREHOLDERS CO.

1722 HENNEPIN AVE.,

MINNEAPOLIS, MINN., August 30, 1923.

To All Managers:

It has seemed to the Executive Committee that it would be well for each manager, each salesman, and each shareholder, to have more information respecting the business in which we are mutually interested.

The businesses in which we are all shareholders now number nearly one hundred and fifty.

Our jobbing businesses alone in the United States and Canada approximate one hundred.

We are operating approximately thirty brokerage offices, eight of which, Detroit, Chicago, Des Moines, Omaha, Denver, Ft. Worth, Montreal and Toronto are operating in the districts in which we have no jobbing businesses.

Our other activities include,—

- a modern coffee roasting plant located in Minneapolis.
- large ranches in the Imperial Valley which grow our melons, lettuce, and other vegetables.

- a company operating in California which packs our celebrated Bull Dog Brand of oranges, also lemons and vegetables.

- a company operating in San Francisco which arranges for our supply of deciduous fruits.

- a company operating in Yakima, Washington, which arranges for our supply of fruit from the famous Yakima Valley.

- a company operating in Lewiston, Idaho, which own the finest ranches in the Northwest in the way of deciduous fruits and farming 600 acres.

- a company at Lewiston, Idaho, growing high-class apples in the celebrated Lewiston orchard district.

- a company at Spokane which furnishes us with a supply of apples and deciduous fruit from the Spokane Valley.

- a company operating at Vancouver, B.C., which supplies our houses with fruit from the Canadian Pacific coast.

Our aggregate jobbing business to retailers for the year 1922 amounted to approximately \$50,000,000.

The capital and surplus invested in our businesses approximate \$9,000,000.

We are the largest handlers of green fruit in the world.

We are the largest handlers of bananas in the world.

Our chain of jobbing houses is the largest operating under one management.

Our business is one of mutual ownership. The entire stock of all of these companies is owned by approximately 1,500 men and women who devote their entire time exclusively to our business. No man or woman owns stock merely as an investor.

It is our plan to promote our own men and practically all of our present managers and supervisors are those men who have grown up with our companies.

Those of us who live in Minneapolis are familiar with all these facts, and have a proper and natural pride in the results accomplished. It has seemed wise to send these facts to those who are interested, in order that they might also understand them. These figures are offered not boastfully, but merely to promote an intelligent appreciation of what we are doing.

Very truly yours,

(Sgd.) W. K. NASH.

WKN/EG

Parallel with a great physical expansion, the capital employed and the total assets of the organization have vastly increased. Much of the increase has been due to profits made by the companies, these profits having either been distributed to the major and other shareholders, and by them reinvested, or held as undivided profits until the particular company was able to finance the opening of a branch in some other city, when it would purchase equipment and make such other capital expenditures as the situation demanded.

In appendix 2 will be found a chronological table showing the growth of the Nash organization.

The principal feature of the Nash organization is the inclusion of brokerage houses with the jobbing houses. A "combine" of jobbing houses alone would be a powerful economic unit, but a "combine" of jobbing houses which includes brokerage houses is much more powerful.

The brokerage house is not a natural ally of the jobbing house for the brokerage house should be the house of the grower; the jobbing house that of the distributor. The grower must by the very nature of things have a broker to market his goods, who must be his servant, not the ally or business associate of the distributor.

(b) The Growers Sales Agency Ltd. and The Organized Independent Jobbers.

Beside those of the Nash interests there are various other jobbing houses in Western Canada. These fall into two classes, the organized independents and those who are not organized.

Evidence has been given to the effect that by 1922 the pressure from the Nash interests was becoming so severe that the more important independent jobbing houses were forced to adopt some form of organization in order to obtain a supply which would be safe from discrimination as to quantity or quality, and generally to meet the Nash interests on even terms. The firms participating were P. Burns & Co., Ltd., with branch houses in several places; the Scott Fruit Co., Ltd., one of the oldest Canadian houses, also with branch houses in several towns; the McDonald-Crawford, and McDonald-Cooper houses, with several branches; Plunket & Savage, Ltd.; Plunket, Savage and Sutherland, Ltd.; Vipond Fruit Co., Ltd.; Cran, Mowat & Drever, Ltd.; and others. Speaking generally the firms in question were what they themselves call "legitimate" jobbers; that is to say they were members of the various local fruit jobbers associations.

Organization was effected by taking over the Growers Sales Agency, Ltd., a brokerage concern formerly controlled by the Okanagan United Growers. Each company took shares in the Growers Sales Agency, Ltd. This gave a brokerage connection, similar to that of the Nash interests, except that by charter the Growers Sales Agency, Ltd. was not allowed to merchandise, its business being confined to straight brokerage.

As a result, in 1923 there was keen competition between the two organizations for Canadian supplies; supply, particularly Canadian supply, being vital to all jobbing houses. Each organization obtained part of the British Columbia supply; and the "war" was then carried on with the growers' products in the various markets in which there was no local understanding as to prices.

(c) The Local Fruit Jobbers Associations

The organizations already discussed are vertical, stretching to the producer. The normal organization in the fruit trade is horizontal, consisting of local associations of jobbers who associate for their own benefit. In practically every important centre there is a local fruit jobbers association to which all the "legitimate" jobbers belong. The members of these associations meet regularly once a week—usually at lunch—to discuss supply and prices.

Depending on the amount of co-operation and good feeling among the members, a more or less full disclosure is made of supplies coming in; arrangements are made to bring in and divide pool cars, and prices are discussed. Local changes of price generally occur after these meetings, the retail trade waiting for the decision of the jobbers. The evidence on the record is mainly to the effect that what is discussed is "what would be a fair price"; that there is no hard and fast agreement to maintain the price which is finally accepted by the members as fair; but that there is a general understanding to sell at not less than the agreed price unless special circumstances warrant members in cutting prices.

Minutes are kept of the more formal and less important matters, but no permanent record is kept of agreements on prices, though memoranda are often made which are later destroyed.

The Winnipeg Jobbers Association, locally known as the "Big Seven", went so far as to endeavour to provide a penalty for any member who violated a price understanding. That was in 1923, but though a solicitor was consulted the matter was never carried through.

(d) The Unorganized Independent Jobbers.

Outside the various local jobbers' associations are certain other jobbers. While some do a fair business most are small concerns and lead a precarious existence, having difficulty in getting supply. They are generally unable to bring in pool cars; and the "legitimate" jobbers will not take them into their pools. In some cases the "legitimate" jobbers have even brought pressure on certain growers' associations to prevent them selling to new concerns starting up. This is sought to be justified on the ground that larger sales are made on a steady than on a disorganized market, and that persons who do not adhere to agreed fair prices injure trade. There are cases of new firms having to go out of business because they could not get supply, not being recognized as "legitimate" jobbers. In this connection it may be mentioned that under the present condition of the law, both federal and provincial, there is no duty laid on any broker or other person to sell to any other person.

(e) Direct Marketing by Growers.

At the present time no substantial marketing is done by growers Associations. The Associated Growers of B.C., Limited, have selling agents on the prairies, but that is as far as development has gone. There is evidence to the effect that the remedy for many of the undoubted evils of the present situation is the formation of a Growers' Selling Agency for sale direct to the various jobbers.

PART II—WHETHER THERE IS A COMBINE WHICH OPERATES DETRIMENTALLY TO THE INTERESTS OF THE PUBLIC

Section 1 of the Combines Investigation Act, 1923, gives a broad definition to the expression "combine." Subject to a qualification to be presently mentioned, the expression includes:—

- (1) Mergers, trusts, and monopolies so called;
- (2) the relation resulting from the purchase, lease or other acquisition by any person of any control over or interest in the whole or part of the business of any other person;
- (3) any actual or tacit contract, agreement, arrangement, or combination which has or is designed to have the effect of—
 - (ii) limiting or lessening production;
 - (iii) fixing a common price or resale price;
 - (iv) enhancing the price or cost;
 - (v) lessening competition in or substantially controlling within any particular area or district or generally production. . . . sale or supply;
- (vi) otherwise restraining or injuring trade or commerce.

Any "merger," "agreement" or "arrangement" coming within any of these clauses is a "combine" within the Act, provided the same has operated or is likely to operate "to the detriment of or against the interest of the public, whether consumers, producers or others."

Two questions therefore arise:

- I. whether there is or is not any such "merger," "agreement" or "arrangement", and
- II. whether the "merger", "agreement" or "arrangement" operates or is likely to operate to the detriment of or against the interest of the public, whether consumers, producers or others.

The divisions of the inquiry will be treated separately.

- I. Whether there is or is not any such "merger", "agreement" or "arrangement" as defined by the Act between all or any of the persons named in the Orders in Council.

This aspect of the subject falls naturally into three heads which may compendiously be stated as follows:—

- A. Whether the Nash companies or any of them fall *prima facie* within the definition of a combine in section 2 of the Act.

In the opinion of the commissioner the evidence establishes that the Nash houses as controlled and operated in Canada fall within subheads (1), (2), (3) of the definition.

- B. Whether the Growers' Sales Agency Limited, and the persons or companies holding stock in it, or any of them fall *prima facie* within the definition of a combine in section 2 of the Act.

In the opinion of the commissioner the evidence establishes that this association falls within subheads (2) and (3) of the definition.

- C. Whether there is any agreement, arrangement or combination within section 2 of the Act: (i) between any of the Nash companies and companies constituting the Growers' Sales group, or (ii) between any of the Nash or Growers' Sales companies and any other person or persons.

In the opinion of the commissioner the evidence establishes various agreements and arrangements at different places and at different times, fixing a common profit or price and lessening and controlling competition in sales, and that these arrangements were made (a) between the Nash and Growers' Sales groups as such; (b) between individual houses of the two groups within certain competitive areas and (c) between the different groups or constituent members of one or other of the groups and other persons.

To be more specific:—

(a) There were definite understandings in different places in 1923 and 1924 as to the prices at which certain commodities such, for example, as berries were to be sold. In some cases the jobbers agreed among themselves to take on berries 75 cents a crate profit.

(b) The Nash interests and the Growers' Sales Agency Limited agreed to close the Edmonton office of the Growers' Sales Agency Limited in order to reduce competition and enable the jobbers to make what they considered better profits.

(c) Members of local jobbers' associations discussed and agreed on prices week by week.

(d) Agreements and understandings among those in the trade were the rule rather than the exception.

A clear picture of the situation in southern Saskatchewan in 1923 is given by a letter dated September 20, 1923, from W. Colquhoun, Nash supervisor, to J. A. Simington, Canadian manager of the Nash interests, which reads as follows:

REGINA, September 20, 1923.

J. A. SIMINGTON, Esq.,
1722 Hennepin Ave.,
Minneapolis, Minn.

DEAR SIR,—Referring to correspondence which has passed between Mr. R. R. Scott, John Burns and yourself regarding the Regina situation. Mr. Scott is correct in his statement that this market is demoralized on account of the scrap between Burns and ourselves. Of course this scrap only aggravates the situation as Rowcliffe and MacDonald-Crawford are the principal offenders as far as price-cutting goes.

In connection with the trouble between our houses and P. Burns I have been aware of what has been going on and as a matter of fact have sat in on the deal and agreed with our houses as to the action that they took. So that you may be familiar with the whole deal, I will give you the history of it from the start.

When Mr. Reid succeeded Mr. McEwan as manager of P. Burns & Co., he immediately started out by breaking agreement that had been in force for a long time and his alibis were that he was not aware that these agreements were in effect. Mr. Darby, Burns' supervisor, was here at the time and I discussed the situation with him with the result that we had a round table meeting and all existing agreements were thoroughly gone over and Mr. Reid agreed to them and promised to abide by them. This meeting evidently didn't do much good as Mr. Reid continued to slip on practically every commodity on which prices had been agreed to. Our boys naturally were up in arms and wanted permission to throw the market open.

In order to satisfy myself that their complaints were justified, I called on Mr. Balmain of the Scott Fruit Company, and he told me that the market was badly demoralized and stated from the information he had from his salesman, P. Burns were the principal offenders.

There has been in existence for the past two or three years an arrangement between the Regina Fruit Jobbers that no country cars would be put out on Regina territory until McIntosh apples rolled. Without notifying anyone, P. Burns & Company put a car in Stoughton. When tackled about this Mr. Reid stated he figured Stoughton as Brandon territory, but admitted that they had sold as far north as Fillmore out of this car and eventually admitted that he was wrong, but still insisted on letting the car go into Stoughton. At the time he was first approached about this car, the car had not yet arrived at destination. When I heard of this deal I immediately got in touch with Mr. Reid and pointed out that it was most unfair on his part to roll this car into Stoughton as we had forbidden Weyburn to put in

cars on the Arcola line on account of the Regina agreement, but still Mr. Reid persisted in allowing the car to go to Stoughton. I wired Mr. John Burns, but unfortunately he was out of town and their supervisor replies. Am attaching copies of wires that passed between Burns and myself.

You will note that in the first reply to my complaint Mr. Busch claims that this car was put into Stoughton because our Weyburn branch was rolling cars on this point. On receipt of this wire I immediately got in touch with Mr. Reid and he absolutely denied having made any such statement. Then Mr. Busch comes back and states that he had made a mistake in the first wire, that it should have been Brandon. Unfounded statements like this, in my opinion, just prove that these people know exactly what is going on, but are just trying to dodge the issue. In Mr. Busch's last wire he states that he is waiting for full written report from his Regina manager. This wire was sent on the 11th, which is a week ago, and I have not heard anything further from him. I discussed the matter fully with Mr. Carruthers, and have sent him copies of the wires that have passed and he intends seeing Mr. John Burns immediately on his return. In the meantime we are giving Mr. Reid a run for his money and our boys are taking pretty good care of themselves in the scrap.

On receipt of your letter yesterday, I paid another visit to Mr. Balmain and talked the situation over with him and he agreed with me that the only way to straighten it out would be to have Mr. Burns come to Regina and straighten his man out. Mr. Balmain stated that he was quite prepared to attend a meeting of the Regina jobbers with Mr. John Burns present and tell him at that time that their Mr. Reid was the chief offender as far as price cutting was concerned on this market.

The situation in Saskatoon is practically the same as it is here, Mr. Bierdal, Burns' manager there, has broken all known agreements this year. On my last visit to Saskatoon I called a meeting of the jobbers. Both Burns' and Scott's men were there and we openly accused Mr. Bierdal of breaking agreements. He made all kinds of alibis and did the best he could to squirm out of his difficulties, but in several instances we pinned him down where he had to admit that he was wrong. I told him very plainly that while we would be pleased to work with P. Burns & Company, we certainly had no intention of standing for any trickery from him and that unless he was prepared to stand by his agreements, we were absolutely through and would not attend any further meetings. The outcome of this meeting was that Mr. Bierdal agreed to be good and I understand that conditions have improved considerable on the Saskatoon market since then.

No doubt Mr. John Burns will be here within the next few days and in all likelihood we will be able to get this trouble squared away.

Yours truly,

(Sgd.) W. COLQUHOUN.

One of the Nash managers in Canada felt unable conscientiously to sign the monthly manager's report, which contained a clause to the effect that no price agreements had been made. The matter was drawn to Simington's attention. His reply speaks for itself on the question of the existence of price agreements; it reads:—

MINNEAPOLIS, MINN., September 21, 1923.

Mr. Wm. COLQUHOUN,
Regina, Sask.

DEAR SIR,—I have copy of your letter to Mr. Carruthers in regard to the manager's report.

The paragraph you have marked reads: "The manager knows that it is unlawful to make agreements with competitors as to prices and no such agreements are being made."

We certainly want our business handled so that each manager can sign such a statement each month. We would stand great risks if our managers entered into any agreements with competitors. Understand our manager can tell a competitor what he is going to sell his goods for and the competitor may tell the manager what he is going to get for goods, but that does not constitute an agreement. We have in some cases found where our houses have entered into definite agreements and then had them reduced to writing. This is unlawful and dangerous.

Very truly yours,

NASH SHAREHOLDERS CO.,

(Sgd.) J. A. SIMINGTON.

There is ample other evidence of the existence of price and other arrangements and combinations within the meaning of section 2 of the Act.

The next question under the statute is—

II. Whether the “merger”, “agreement” or “arrangement” in question operates or is likely to operate to the detriment of or against the interest of the public, whether consumers, producers or others.

This is the substantial question, for the statute appears to recognize that the agreeing or combining is not in itself unlawful; the test of illegality or criminality being whether the combine operates or is likely to operate to the detriment of the public.

This is ultimately a matter for the court, but section 25 suggests that the evidence of possible offences is to be laid before the minister in order that he may decide whether to remit the matter to the appropriate provincial attorney-general for action.

Attention will therefore be directed to certain specific matters. These will be dealt with in the following order:—

- A. The Jobber-Broker Combination Generally.
- B. The Operation of the Broker in the Jobber-Broker Combine;
 - (1) Withholding Information from Growers.
 - (2) False Returns.
 - (3) Audit and Falsification of Records.
 - (4) Overages and Secret Profits.
 - (5) Unfair and Improper Rebates.
 - (6) Special Terms to Certain Jobbing Houses.
 - (7) Other Improper Practices.
 - (8) Failure to Obtain the Highest Price for the Growers.
 - (9) Failure to Furnish Information to Growers.
- C. Operations of Jobber-Broker Combine:
 - (1) Attitude of Jobber-Broker Combination to Growers and Growers' Organizations.
 - (2) Attitude of Jobber-Broker Combination to other jobbers.
 - (3) Attitude of Jobber-Broker Combination to Consumer.
- D. Specific Matters:
 - (1) Edmonton Situation.
 - (2) The 1924 Rhubarb Deal.
 - (3) Tomatoes.
 - (4) Cucumbers.
 - (5) Berries.
 - (6) Car 286942 Associated Growers of B.C.—Onions.
- E. General Matters:
 - (1) Dumping Duty.
 - (2) Accurate Market Information.
 - (3) Spread of Combine.
 - (4) Profits.

A. THE JOBBER-BROKER COMBINATION GENERALLY

The statute (section 2) speaks of combines which “have operated” or “are likely to operate” to the detriment of or against the interest of the public, whether consumers, producers or others.

The following are therefore, brought to your attention as falling within the mischief at which the statute aims:—

the relationship of jobber and broker in the same interest is a feature common to both the Nash and the Growers' Sales groups, although the way in which the relationship is brought about is different in each case.

A very considerable amount of evidence was tendered on the question of jobber-owned broker. It was universally condemned by the producers and in many cases condemnation was extended to it by members of the Growers Sales and Nash groups. The connection works to the detriment of (1) producer, (2) consumer, and (3) other persons, e.g., those in the distributing trade.

(1) *Growers*.—The manner in which the relationship works to the injury of the growers will be appreciated when the situation is reviewed. The growers of British Columbia cannot hope satisfactorily to market their crop, whether it be vegetables, tomatoes, berries, apples or other fruits, without the assistance of a broker. By the very nature of things the broker is the agent of the producer. It is his duty vigilantly to protect the interest of his principals, to obtain the best possible price, to see that the principal is protected on "adjustments" in price when the goods arrive in poor condition, and generally to act for the producer as against the jobber. It is for these services that the broker is paid by the producer.

Where, however, the broker and the employees of the broker are part of a marketing group whose interest is opposed to that of the producer, the association is one which by its very nature would appear to come within the words of the statute and be one which is "likely to operate to the detriment or against the interest of the producers."

J. A. Grant, British Columbia Markets' Commissioner, Calgary, testified as follows:—

A. The independents are lined up behind what are known as the Grower Sales. Both of these concerns are brokers whose brokers are owned by the jobbers. It is a situation not healthy to my mind, not fair, and I think the sooner our people get their eyes opened to the unfairness of it the sooner they will be on the road to market their stuff in a more intelligent manner. We don't expect the broker owned by the jobber can give us the service that our own broker could. We feel there are too many temptations in the way of the broker who is pretending to be representing the grower and all the time in the pay of the jobber, and give us the service we expect.

A. If the British Columbia shipper, both independent and associated, get together, and I think they will, to sell their goods upon this market, there is no purchasing agent under heaven can stop them from distributing, Nash houses or otherwise. We have the goods for sale that you have to have; that counts and not the man you have to sell them. . . .

A. I am just as sure as I am sitting in this chair that British Columbia goods can be distributed through one head and that head belong to the people who own the goods; can be distributed on our terms and not theirs, and that is what they are doing now, making distribution of our goods on their terms.

J. B. Dickey, Prairie Representative of the Associated Growers of B.C., Ltd., testified as follows:—

Q. What is your objection to the present system?—A. Well, they can't serve two masters. . . .

Q. In what instances have you seen how the growers suffer through the present system? A. Well as it is to-day, of course you know the fruit deal on the prairies as well as I do. You know their connections all the way through. If we had the whip-handle in our own hands we could roll this stuff in ourselves. If they refused to buy, and they dare not bring in American fruit, mind, because our prices have been in line all the way.

Q. Your prices have been in line?—A. Our prices have been in line all the way through; we have been in line and always keep in line. To-day there are two or three cars, three cars of Italian prunes from the other side; if we had our own cars I could drop the price over night and let them lose a little money and I think they would play ball, and the same deal on pears.

British Columbia was ready practically as quickly as Washington. All these boys had straight cars ahead, some of the American pears were a little better than ours in lasting qualities but as far as ready consumption is concerned ours were

equally as good. Then again where there are two in the pot, one is always figuring he has got to get a little bit better edge than the other; for example, you go to sell a car and you are sure you are absolutely right, but they will say are you sure Nash is not getting a dime off this or fifteen cents off this; you have all that song and dance because they are not sure; they are figuring somebody else got a better deal. They cannot do business unless on an equal basis with the competitive jobber and in that way they play one broker against another. . . .

Then again, of course, if your own man is on the job he has a little bigger interest, hasn't he? In his deal he is working for the good of his company, that is if he is a he-man; but they have too many other shirts to wear, for that reason they are working for the bunch and none of those boys have worked absolutely for any one. . . . However, I believe it can be done, but as it is these boys are looking for the brokerage of \$30 for every car and if they can squeeze a car, shove a car on and offer for a firm price, they do it; in fact it is done every day.

I got one case this morning; I walked into the Mitchell where they submitted an offer of \$1 for crates and \$1.35 for wrapped Nelson. I told Lander right now we are not taking \$1.35 and \$1 offers for apples yet; when that time comes we will tell them. . . . Our man in Nelson wired the Mutual, I was there when the wire came back; he wired back, "Do you recommend accepting this?" You see now on the broker's wire he didn't have to incriminate himself and any way well here is \$30 on the cars; he hasn't done any injury at all.

Q. He gets his \$30?—A. Thirty bucks, as I say the system is working for earnings and the higher-ups are always hounding them for higher earnings all the time; it is dog eat dog.

(2) *Consumers.*—The intimate association of broker and jobber is one which can fairly be said to be one which is "likely to operate to the detriment or against the interest of the . . . consumers." It makes easier combinations and control among the jobbers by the elimination of competition among themselves and the consequent sale to the consumers at a higher price than would otherwise be obtained. It is a first step toward control over distribution, which can be as complete a monopoly as control of supply.

(3) *Others.*—Once a strong line of jobbing houses has organized on a jobber-broker basis, independent and until then unorganized competitors are either excluded from the markets, or forced to buy through the jobber-broker house, or compelled to organize along similar lines in self-defence. The tendency is to reduce competition and develop a quasi-monopolistic control.

H. J. MacCrae, of the Macdonalds Consolidated Limited, Moose Jaw, gave the following testimony:—

Q. Referring back, Mr. MacCrae, to the question of the jobber-owned brokerage houses, what advantages are there in that system?—A. There are no advantages, it is a rotten state of affairs. . . . Take for instance I, a friend of the Growers Sales. I am offered a car by somebody else. If I don't buy from this Growers Sales and I buy from this fellow, our own broker by the end of the year may be in the hole. . . . May be a difference of a few dollars a car I could save buying from the other fellow and still this thing facing you, you say well I guess I better stay with our own brokerage house as long as connected there.

M. J. Burns, of the P. Burns Co. Ltd., Calgary, gave testimony as follows:—

Q. What have you to say about the principle of jobber-owned broker . . . ? —A. It is probably not desirable from the growers' point of view and not entirely desirable from the jobbers' point of view, because there is, sometimes, a feeling a broker may favour one jobber more than another. I know our house in Calgary claims he doesn't get the service he should; that the others are getting. . . . —A. We have suggested to the growers of British Columbia to get together as a whole down there, put in their own broker, take over our brokerage organizations if they want or take any interest. . . .

Q. How would that work out selling the products of British Columbia. Would it be an improvement to the growers' trade and the consuming public on the present association?—A. I think it would; it would place the grower direct with the prairie situation.

Q. He could sell both groups?—A. Absolutely no reason why both groups shouldn't buy from them. Take a year ago when we met the associated and they wished to

give the account apparently to the Mutual Brokers, and we told them how can we buy from our competitors, do you think we are going to do that? We told that to the berry growers. At the same time if the growers had a chain of offices established, apart from the operating expense, belonging to the growers, the growers would be in touch with the market in every point each day and they would be serving all houses alike; at least that would be the only proper way for them to conduct the business and if they did that nobody has any objection.

C. W. L. McKelvie, of the Scott Fruit Co. Ltd., at Edmonton testified as follows:—

Q. Do you think a jobber-owned brokerage business is a good thing?—A. In principle I always claimed it is wrong We figured we had to do something for self-protection, knowing the way the Nash were brought together through Mutual, they could go out for business and made a deal while there was nothing in the world that would bring the independents together to make a deal. Naturally Mutual could make a better deal than even the Scott Fruit and we were in the best position of any independent because we had seven houses. The Mutual could go out and did make an awful lot of deals through the country

A. I think the solution is for the growers to have a chain of brokerage houses.

Q. Then you have got the winter overhead?—A. Well why can't they do a regular brokerage business?

Q. They tried that didn't they in the start?—A. The old Growers Sales was that; they made good money.

Q. Until a loss drove them out of business.—A. You mean the potato loss in Minneapolis; they surely can tie the manager so he can't go merchandising on a wholesale scale

A. Why couldn't there be some sort of Government supervision of brokerage offices so that merchandising could not be done; make it illegal to merchandise.

The evidence just quoted has dealt with the principle of the jobber-broker combination, and tends to show that such a combination is "likely to operate" to the detriment of the public.

Certain of this evidence also tends to show that the combine "has operated" to the detriment of the public. Further evidence on this subject of a more specific nature follows.

B. THE OPERATION OF THE BROKER IN THE JOBBER-BROKER COMBINE

The broker in the existing system of marketing is the agent of the grower, by whom he is paid, and to whom he is under the duty of acting with perfect good faith. In addition to this general duty the law has imposed certain specific duties (more fully set out in appendix 3), the main ones being the following:—

- (a) To render full and true returns to the growers or the growers' associations as the case may be.
- (b) Not to merchandise or make any secret profit.
- (c) To take no more than the agreed remuneration.
- (d) To remunerate any agents or sub-agents out of its own remuneration unless the contract clearly provides otherwise.
- (e) To act solely in the interest of the grower in obtaining the highest possible price for his products.

Your commissioner has found many cases in which there has been deliberate and flagrant disregard of these duties. The question therefore arises whether this disregard of duty is attributable to the jobber-broker connection, and is within the words of the Act, a detrimental operation of the jobber-broker combine. That is ultimately a question for the court, but the following tends to show that in fact certain brokers, supervisors and others have disregarded the rights of the grower; that this disregard was due to a desire to profit the jobbers or the organization rather than the growers; and that the broker jobber connection facilitated concealment of improper practices.

1. WITHHOLDING INFORMATION FROM GROWERS

As the broker is the agent and servant of the grower, and should have no interest other than that of serving him, it follows that the grower is entitled to the fullest information on all matters affecting him or his goods. To refuse to give any such information is a breach of duty. The following extracts from correspondence show what was done:—

Mutual (Vancouver), Ltd.,
1824 Store St.,
Victoria, B.C.

VANCOUVER, B.C., June 25, 1924.

On berry car returns you giving too much information association leaving opening for trouble. Don't show allowances, simply show number crates shipped as being sold for so much. Make use your imagination. Your lot two Saanich not responsible crates falling-off truck and should not be advised.

MUTUAL (Vancouver), LTD.

That information was deliberately withheld appears from a letter from the Victoria to the Vancouver office of Mutual (Vancouver) Ltd., dated April 8, 1924, in which Dilworth, manager of the Victoria office of Mutual (Vancouver) Ltd., referred to a request made at a meeting of the Gordon Head and Saanich Fruit Growers' Associations for certain information relating to the distribution of berry cars. Dilworth did not wish this embodied in the contract. After some discussion, it was moved that the contract be signed without the clause but that a letter be written asking for the information. Dilworth reports to Snow, the manager at Vancouver, as follows:—

We pointed out that this would be practically the same as having it embodied in the contract but did not press the point as we were desirous of getting the signatures attached to the document, and knew very well that you were capable of getting away with this matter.

2. FALSE RETURNS

It was a common practice to make returns which did not truly and precisely disclose what had occurred. When returns show only a total or an averaged price it is possible to conceal:—

- (a) allowances made to jobbers;
- (b) overages and secret profits of the broker;
- (c) differentials in price in favour of certain jobbers and in certain areas.

There follow further extracts from the correspondence indicating that the making of incorrect returns was a matter of policy.

MUTUAL BROKERS, LTD.,
Regina, Sask.

CALGARY, Alta., July 7, 1923.

Attention Mr. Smith

DEAR SIR,—On receiving copy of your account sales on car 280570 this morning, I was certainly disappointed as you showed credit notes of over \$300—approximately 50 cents per crate off. What made me peeved was the fact that you made these returns in this fashion to the Vancouver office who would likely be goats enough to turn it over to the shippers.

Your records, Smith, certainly look to me as though the boys went ahead and handled the berries on consignment and you gave them what they asked.

I must ask you to discontinue sending in further remittances to the Vancouver office as I know if Gilland or the Island were to get hold of a copy of account sales showing credit notes such as you took off, they would be perfectly justified in going up in the air, as it certainly looks as though the car had been handled on a consignment basis. There is no reason why you should not make prompt settlement for all cars, so please hereafter discontinue paying anything into Vancouver.

Mr. Colquhoun will explain to you that we are supposed to make definite sales and also definite allowances, and the way other offices have been reporting is that they usually report so many cases sold at a definite price and then so many more at a definite price.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

CALGARY, July 7, 1924.

Mr. WM. COLQUHOUN,
Regina, Sask.

DEAR SIR,—I wish you would help me out with Gordon regarding reporting allowances made on berries. Every time we get a wire with any great amount of allowances we simply cannot report on the car to the shippers until we have the returns, for the simple reason that if we were to report what Gordon wires in here it would immediately intimate to the shippers that the berries are handled on consignment. For example, a couple of days ago they made an allowance of \$250 some odd, which was O.K'd by you, mostly at Moose Jaw. Why not find out how many cases this covers and let us have it an allowance of \$1.05 a case, or the account netted instead of original price of say \$3.25, netted \$2.20. No doubt you see what I am getting at and for heaven's sake let us try as far as Regina office is concerned to get on this basis. Every other office handles in this way and for life of me I cannot understand why Gordon does not.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

CALGARY, May 5, 1924.

MUTUAL (VANCOUVER), LTD.,
Victoria, B.C.

GENTLEMEN,—In talking with Mr. Carruthers this morning we mentioned the new prices received in your wire of Saturday night and he suggested that we write you calling attention to the fact that your prices look suspicious. For example: Special cukes \$2.10 per dozen, tomatoes \$7.10, etc. He thought that you should quote them out at even prices. For example: On tomatoes you could quote \$7 and advise the growers that you were selling at \$6.90, etc. He thinks it would look a lot better.

We therefore took the liberty of quoting out your tomatoes on the basis of \$7 and \$6.50. We have quoted the cukes, however, as quoted by you and will continue to do so until we hear from you of any further change.

Yours truly,

THE MUTUAL BROKERS, LTD.

By (Sgd.) H. W. MORGAN.

HWM-b

VICTORIA, B.C., May 8 1924.

Messrs. MUTUAL BROKERS, LTD.,
Calgary.

GENTLEMEN,—Replying to your favour of the 5th instant with reference to quotations on tomatoes, we feel that you are right in your contention that the addition of the dime to prices when they are around \$6 and \$7 has a suspicious look. Your action in quoting at \$7 and \$6.50 meets with our approval. All future quotations will be made your price to the jobber on tomatoes, but our cucumber quotations will be made the same as in the past, as we find that prices covering cucumbers are nearly always in odd figures.

Trusting that this will meet with your approval, we remain,

Yours truly,

MUTUAL (VANCOUVER), LIMITED,
VICTORIA BRANCH.

(Sgd.) J. W. DILWORTH.

Copy to Mr. W. E. Carruthers.

Copy to Mr. G. H. Snow.

VANCOUVER, B.C., February 14, 1924.

WM. COLQUHOUN, Esq.,
c/o Mutual Brokers, Ltd.,
Regina, Sask.

DEAR SIR,—

Re Car C.P. 28273-Robertson Morris

We might also draw your attention to the percentage of commission charged in the case of this car. The repacking charge of the Rex is \$55 on 500 bundles and \$15 for the Canadian on 450 bundles. Does the Rex Fruit Co. always get the worst of these cars? We are very much concerned as to the attitude Robertson will take regarding this car.

We have decided to withhold these returns until we hear from you, as the writer is under the impression that you may not have examined these account sales in detail like we have, and we do not want anything O.K'd by yourself to get to Robertson or Disher which will be questioned at a later date.

Possibly Canadian have been underpaid and should be entitled to a 25 cents a bundle as a minimum profit.

Yours truly,
MUTUAL (VANCOUVER) LIMITED.

3. AUDIT AND FALSIFICATION OF RECORDS

The question of an audit by the growers was occasionally raised by Colquhoun and Carruthers, the Nash supervisors in Saskatchewan and Alberta respectively; but it did not appear to have unduly troubled Snow, manager of the Mutual at Vancouver, who in dealing with the growers pointed out that "mutual confidence" was the basis of all business. To the growers dealing with an organization having the prestige and power of the Nash interests the hint was enough. On April 15, 1924, W. E. Carruthers wrote Snow:—

I thought those same tomato and cuke growers showed a good deal of confidence in us when they passed a resolution at any time to stick in an auditor and look over our records. That is about the most drastic thing I have heard of in a lifetime, and it seems to me Joe exercised a good deal of patience, if he actually attended a meeting, when he did not get up and bawl them out. Certainly our records should be such that they are open for inspection at all times, but at the same time I think it is conceded that confidence is the basis of all business, and certainly by such resolutions becoming known it is not going to create the feeling of confidence which should exist between us. It might be advisable, George, some time you are talking to some of the most influential men to hint that that is the first time we have ever had anything like that occur and that that kind of resolution before the average grower more often creates suspicion than it does create confidence. There can be a lack of confidence on both sides.

To this Snow replied:—

. . . . With reference to the regulations passed by the tomato and cucumber growers at Victoria regarding auditors inspecting our books. This only applies in case that we consign straight cars to a point, and the only thing the growers want to know is that the brokerage office did not pick them for an overage. For this resolution you may thank your friend Hoskins, and the Devilish crowd he represents on the Mainland. If the writer dies of sudden death you can trace our trouble to the Mainland Association

Referring again to the question of the auditor, we do not anticipate any trouble along these lines. There is a Bolshevik element in all these Associations, and it will be Eutopia before they are eliminated.

Later Colquhoun touched on the same question:—

REGINA, SASK., June 3, 1924.

Mr. GEORGE SNOW,
Mutual (Vancouver) Ltd.,
Vancouver, B.C.

Dear George:

While talking about Hothouse Tomatoes you will be interested to know that your Victoria friends propose to audit the Mutual books in connection with this deal. They have written two Regina auditors asking for tenders on the work, so it will be necessary for you to do all the scraping at your end this year.

Kind regards,

Yours truly,

(Sgd.) WM. L. COLQUHOUN,
THE SULTAN.

Your commissioner has hitherto not felt that he was justified in going to the expense of having a comprehensive audit made of the books of the various houses, but the following letter from Snow to his supervisor, Carruthers, is quoted as showing that the August, 1923, financial statement as taken from the books of the company did not mean what it said.

VANCOUVER, B.C., September 13, 1923.

Mr. W. E. CARRUTHERS,
c/o Acme Fruit Company,
Calgary, Alta.

Re August Financial Statement

DEAR SIR,—The writer understood that a letter had gone forward to you fully explaining the above financial statement. In case this letter has miscarried, we are enclosing herewith copy of same.

Freight allowances at Victoria and Vancouver cover credits given to various customers after invoicing has been done, and which do not affect our earnings, these being charged back to the grower.

Victoria shows over-estimated earnings of \$464.46. You will remember that we had to repay \$605 to the Mutual Brokers, Regina, covering loss on car of tomatoes. Victoria contributed \$464.46 and this office the balance. We might state, however, that the grower eventually took care of these amounts.

If you will look in "Liabilities," you will find under "Contingent Liabilities" we have \$2,096.20, which accounts for our apparent low brokerage earnings in August.

Victoria surplus is increased from \$900 in July to \$1,800 in August, and the apparent merchandise losses are simply book-keeping figures which the enclosed letter explains.

In reality, our position to-day is a surplus of \$6,500 when one takes into account the Contingent Liability Fund. We also missed one citron car in August, but we are bound to need it in September.

The Associated Growers' brokerage for August was only \$250 but this only covered cars that were actually closed out, and is not a fair review of their account.

There has been positively no loss in merchandising either at Vancouver or Victoria, and Vancouver showed merchandising earnings of \$1,165.69. The writer is at a loss to understand where you get the merchandise loss of \$921.49.

The writer is giving considerable thought to the matter of expense and is contemplating some changes whereby we will have more efficiency at less expense. The Associated Growers' deal is an expensive one, but we feel we will get a very fair earning out of this from now on.

Yours truly,

MUTUAL (VANCOUVER) LIMITED.

GHS/P

In Colquhoun's letter to Snow of June 3, 1924, dealing with an audit at Regina he says: "... so it will be necessary for you to do all the scraping at your end this year." The same phrase was used by H. W. Morgan, manager

of the Mutual Brokers Ltd. at Calgary, in a letter dated June 28, 1924, to Mutual (Vancouver) Ltd., which is a sufficient commentary on the way business was being conducted at Vancouver. The letter was written because Morgan feared that Snow might, as he says, get into a "jack pot":—

... We noticed a letter yesterday from the Berry Growers written to you inquiring about 13 cases of berries from Salmon Arm drop shipments to the Mitchell Fruit Co., covered by invoice No. 5569.

We have already written to you pointing out that these berries have not been paid for and we sincerely hope, George, that you are not scraping these Salmon Arm returns, as we have been in daily communication with them, keeping them advised on the prices we are getting here on the shipments sent direct to us and all drop shipments are being paid on the basis of \$2.25 f.o.b. shipping point less our 10 cents a case brokerage. It would be bad business if they found that you were not giving them full returns and that they did not correspond with the reports we were giving them.

We are not saying that you are doing this and of course we do not think you are, but thought it would be just as well to let you know how we are handling it so you would not get into any jack pot. We have been very careful here to see that every cent we get out of these berries goes back to them and our records can be inspected if necessary at any time and our returns checked up with the price we are invoicing the jobbers, etc.

Yours truly,

THE MUTUAL BROKERS LTD.,

(Sgd.) By H. W. MORGAN.

4. OVERAGES AND SECRET PROFITS

The law (see appendix 3) is most strict on the duty of an agent to make no profit out of his trust. He is confined to his commission, and may not purchase for his own benefit.

There is no doubt that Mutual (Vancouver) Ltd. merchandised and took profits over and above its commission. Snow was examined on oath on this point and testified:—

Q. You were merchandising?—A. Yes.

Q. Buying from yourselves and merchandising?—A. Buying from our office in Victoria.

Q. And merchandising?—A. Yes.

Q. Do you think that is quite proper?—A. Yes.

Q. That a broker for the grower should buy from himself and merchandise and make a profit?—A. I think it is proper, yes.

Q. You can be employed as a merchandising broker?—A. Yes, if you define it that way.

Q. And that I take it is the office in which you have been employed—the character in which you have been employed?—A. The charter of this company allows us to merchandise. The general manager has told me before that he looks upon this branch as a merchandising and jobbing proposition, they do not look upon it as a brokerage house.

Q. You do not always make it clear on what basis you are handling?—A. We do not go into detail, the growers we deal with are generally the same ones all the time and they know pretty well how we are working.

Q. When you tell them you will handle it for them, what do you mean?—A. We generally say whether we are handling it on a strictly brokerage basis or generally what we think we can return. For instance if a man wants to sell a car of turnips, we will say we think we can return you so much, well that would not in any way say that was strictly brokerage—we would certainly try to make a profit over and above what we told him we would handle it for, or what we thought we could return him, rather.

Q. When you tell him what you think you can return him, on what basis are you handling?—A. There is really nothing definite in that, we are trying to return as nearly as possible, what we think we can.

Q. If you make more?—A. It is ours.

Q. Is that the usual course?—A. It would be.

Q. Would that apply to fruits and vegetables?—A. Yes.

Q. All kinds of goods?—A. Yes.

Q. But the grower, he thinks you are handling them for him, does he not?—A. Well, he might.

Q. Well you say so, do you not?—A. We certainly merchandise as we do here and we do not feel we should return the grower anything more than what we could actually buy the same stuff for in the open market.

Q. You do not tell him you are buying the goods from him?—A. No, I would not say we do.

Q. He thinks you are handling the goods for him?—A. I cannot say what he thinks.

Q. You tell him so?—A. I tell him what we think we can get and what we think we can net him and what the market is.

Q. That allows you to make the extra profit?—A. That is the custom of the trade.

Q. In what cases would that be done, give me some instances?—A. I believe in almost any case.

Q. Can you give me an instance?—A. No, it is generally done.

Q. I take it it is a dangerous position for a broker to be allowed to merchandise?—A. Yes it is, but it is a common practice of the trade.

Q. It might clean matters up if it were forbidden?—A. As far as I am concerned personally, it would be quite satisfactory to me. I would rather be placed in a position where I would be either one or the other.

Q. You would rather not?—A. I do not want to be both any more, it is hard on my purse and on my nerves.

Q. You cannot serve two masters, the growers and yourselves, because your interests conflict?—A. I do not want to speak on behalf of the organization.

Q. I am speaking of an abstract proposition of the broker who merchandises goods which he is supposed to be broking?—A. It should not be.

In view of this testimony it is not surprising to find in the books of Mutual (Vancouver) Ltd. and other companies cases in which secret profits were made and retained.

(a) *Car 284118: Cantaloupes—Associated Growers.*

On September 11, 1923, Mutual (Vancouver) Ltd. received by car 284118 from Associated Growers at Vernon, 221 cases of cantaloupes. These were not sold by Mutual (Vancouver) Ltd., but were handed to jobbers on consignment. The total amount received by Mutual (Vancouver) Ltd. from the jobbers (after the jobbers had deducted 15 per cent commission) was..... \$263.52

Mutual (Vancouver) Ltd. accounted for to Associated Growers for only	143.69
--	--------

a difference of	\$119.83
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This difference represented Mutual's "overage." In addition to this Mutual charged its regular brokerage on the reputed sale price of \$143.69.

Mutual (Vancouver) Limited has submitted in explanation of this transaction a written statement by Miss Gibson, bookkeeper, which reads:—

CANTS

Our Lot Sheet shows 221 Cants, amounting to.....	\$263 52
Our A/C to Assoc. shows 221 Cants, amounting to.....	143 69
Difference.	<u>\$119 83</u>

This shows an underpayment on Cants of \$119.83 but without production of the 1923 Lot Book we cannot say how this was distributed. There may have been some subsequent payment or there may have been some additional charges against this Lot, but it is hardly likely they would amount to such a sum, or some other lot of Cants may have been pooled with these, but the 1923 Lot Book would have shown the true state of affairs.

What the extract says regarding this apparently is correct, in so far as the figures go, but without the Lot Book for 1923, or a complete audit of the whole deed no one can say it is a "profit."

It is unfortunate that Mutual (Vancouver) Ltd., is unable to find its 1923 Lot Record Book. How a seasonal audit could justify or explain such an account sales is difficult to see, for it will be noted that account is made for 221 cantaloupes. There is here no shortage of quantity and no question of a careless warehouseman having attached the wrong number. The whole transaction took place in the office, the lot record and account sales being made up from the returns made by the jobbers. Your commissioner is unable to avoid the conclusion that this is an example of a deliberate illegal retainer.

It will be seen that in none of these cases can the returns be described as "absolutely 100 per cent pure," which was the phrase used by Snow in describing his returns to E. C. Skinner.

Three other examples may be given; the shippers in these cases being Victoria Hothouse Association, the Mayne Island Nurseries, and E. M. Handy.

(b) 180 Crates Hothouse Tomatoes: Victoria Hothouse Association.

Lot 220:

On August 4, 1923, the Victoria office of Mutual (Vancouver) Ltd. consigned to Vancouver office the following:—

135 crates No. 1 tomatoes
33 crates No. 2 tomatoes
12 crates No. 3 tomatoes

180

These were disposed of as follows:—

Date 1923	Jobber	No. 1 Tomatoes Quantity and Price	No. 2 Tomatoes Quantity and Price	No. 3 Tomatoes Quantity and Price	Totals for various grades	Total of Invoice
August 6.....	F. R. Stewart & Co.....	10 at \$3	.....	.....	\$30 00	\$30 00
	Chess Bros.....	16 at \$3	.....	.....	48 00	48 00
	Hayward & Scott.....	10 at \$3	20 at \$2 50	.....	30 00 50 00	80 00
	Jamieson-McBain.....	.....	.....	12 at \$1.50	18 00	18 00
	Rainsford & Co.....	20 at \$3	.....	.....	60 00	60 00
August 7.....	Clark Fruit Co.....	15 at \$3	.....	.....	45 00	45 00
	Rainsford & Co.....	10 at \$3	.....	.....	30 00	30 00
	Jamieson-McBain.....	10 at \$3	.....	.....	30 00	30 00
	F. R. Stewart & Co.....	20 at \$3	.....	.....	60 00	60 00
	O. Brown & Co.....	4 at \$3	.....	.....	12 00	12 00
August 8.....	W. R. Cook & Co.....	5 at \$3	.....	.....	15 00	15 00
	Hayward & Scott.....	.....	11 at \$2.50	.....	27 50	27 50
	W. R. Cook & Co.....	8 at \$3	.....	.....	24 00	24 00
	Chess Bros.....	9 at \$3	.....	.....	27 00	27 00
		137	31	12	.....	\$506 50

From this it appears that 180 crates were received and 180 sold, two of those consigned as No. 2's being sold as No. 1's. The total amount of the sales was \$506.50, which Vancouver as agent was in duty bound to return to its Victoria office, less proper disbursements, if any. This was not done. A copy of the account sales rendered to Victoria is given herewith.

ACCOUNT SALES RENDERED BY MUTUAL (VANCOUVER) LTD.

Your Inv. Aug. 4.
Lot No. 220.
Received Aug. 6.

VANCOUVER, Aug. 13th, 1923.
Sold for account of Mutual (Vancouver) Ltd.,
Victoria, B.C.

Quantity	Items	—	Amount	Amount
16 cts	No. 1 tomatoes	16	\$2 50	\$ 40 00
33 "	No. 2 "	33	2 00	66 00
12 "	No. 3 "	12	0 75	9 00
119 "	No. 1 "	119	2 50	297 50
				\$412 50
Freight			\$16 87	
Drayage			5 40	22 27
Net proceeds				\$390 23

OK'd by K. A. G.

Chk. No. 499.

From this it appears:—

- (1) The actual prices realized were falsely stated.
- (2) No account is made of the No. 2's graded and sold as No. 1.
- (3) The total amount accounted for is \$412.50 instead of \$506.50, or \$94 less than received.

The Victoria office ultimately paid the growers on the basis of \$390.23, after deducting a commission of 5 per cent.

(4) Sixty-five crates Hothouse Tomatoes; Mayne Island Nurseries.

Lot 201—On July 30, 1923, the Mayne Island Nurseries forwarded to Mutual (Vancouver) Ltd., the following:

- 51 crates No. 1 tomatoes.
- 10 crates No. 2 tomatoes.
- 4 crates No. 3 tomatoes.

65

These were sold by Mutual (Vancouver) Ltd. as follows:—

Date, 1923	Jobber	No. 1 Tomatoes, Quantity and Price	No. 2 Tomatoes, Quantity and Price	No. 3 Tomatoes, Quantity and Price	Totals for Various Grades	Total of Invoice
		\$ c.	\$ c.	\$ c.	\$ c.	\$ c.
July 31	O. Brown & Co.	5 at 4 50			22 50	22 50
	Chapman Bros.	5 at 4 50			22 50	
			2 at 4 00		8 00	
				1 at 3 00	3 00	33 50
	Clark Fruit & Produce Co.	5 at 4 50			22 50	22 50
	Robert Efford Co.	6 at 4 50			27 00	
			3 at 4 00		12 00	
				1 at 3 00	3 00	42 00
	Hayward & Scott	10 at 4 50			45 00	45 00
	Jamieson McBain Ltd.		3 at 4 00		12 00	12 00
	Rainsford & Co.	10 at 4 50			45 00	45 00
	A. P. Slade & Co.	5 at 4 50			22 50	22 50
	Vancouver Trading Co.	5 at 4 50			22 50	
			2 at 4 00		8 00	
				2 at 3 00	6 00	36 50
		51	10	4		281 50

The duty of Mutual (Vancouver) Ltd. was to account for \$281.50. It accounted for only \$178.50 of the \$281.50 received a difference of \$103. The account sales reads:—

ACCOUNT SALES RENDERED BY MUTUAL (VANCOUVER) LTD.

Lot No. 201

Received July 31.

Vancouver, B.C., Aug. 9, 1923.

Sold for Acct. Mayne Island Nurseries, Mayne Island, B.C.

Quantity	Items	Amount	Amount
		\$ cts.	\$ cts.
51	No. 1 Tomatoes.....		
10	No. 2 Tomatoes.....	3 00	153 00
4	No. 3 Tomatoes.....	2 25	22 50
		75	3 00
	Commission.....		178 50
	Freight.....	8 92	
	H. H. Association.....	5 88	
		65	15 45
	Net proceeds.....		163 05

O.K'd. by K. A. G.

Ck. No. 477

(d) *Cabbage: E. M. Handy—*

On June 22, 1923, E. M. Handy of Dewdney shipped one crate of cabbage (115 pounds) to Mutual (Vancouver) Ltd., who sold it June 25 to Jamieson-McBain Ltd. at 4 cents per pound, or \$6.40. On June 26, Mutual (Vancouver) Ltd. rendered an account sales to Handy as follows:—

One crate cabbage, 115 pounds, .03c. \$3 45
 Commission 17

Net proceeds. \$3 28

This is petty thieving; but systematic.

(e) *Concealed Profits Hothouse Deal 1923-1924*

In appendix 4, will be found a table taken from the Lot Records of Mutual (Vancouver) Ltd., showing the concealed profits made from hothouse tomatoes from April 21, 1924, to June 23, 1924. These total \$3,480.67. The column marked "Invoice Price" shows either the price at which Mutual (Vancouver) Ltd. "purchased" from its own office at Victoria, or the price at which it accounted to its Victoria office on the basis of a consignment. The "Freight and Cartage" columns are said to show actual disbursements, while the column "Net Sales" shows the true amount realized.

Presumably the \$3,480.67 belonged to the growers. In any event, Mutual (Vancouver) Ltd. would have to make an accounting to the growers for this sum; for the company had never disclosed to them that it had these moneys. Certainly when your commissioner was in Vancouver and this was discovered, Snow was of similar opinion. He, however, endeavoured to justify a retention of 25 cents a crate on tomatoes and 15 cents a dozen on cucumbers in excess of the remuneration allowed by the written contract, by stating that this had been authorized by the executive of the Victoria Hothouse Association. With that question, which is a legal one for the solicitors of the different members of the association, your Commissioner is not concerned, though it may be here pointed out that the constitution of the Victoria Hothouse Association provides in clause 9 that the executive only shall have power to enter into any agreement with any broker providing always that the same has been passed and approved by a general meeting. There was no general meeting to vary the contract and increase the remuneration of Mutual (Vancouver) Ltd.

(i) *Mutual (Vancouver) Ltd.*, "purchasing" from itself.

In both 1923 and 1924 *Mutual (Vancouver) Ltd.* at Vancouver purported to purchase tomatoes from itself at Victoria. Just as an individual cannot purchase from himself so it is impossible for a company to purchase from itself, even though it operates two offices. The transaction took this form in order to conceal from the growers the merchandising profits made. One example may be given: Exhibit 180, Lot 78, shows that on June 21, 1923, *Mutual (Vancouver) Ltd.*, at Victoria invoiced *Mutual (Vancouver) Ltd.*, at Vancouver for the following:—

303	crates	No. 1	at	\$5.00
115	"	No. 2	at	4.50
28	"	No. 3	at	1.25

These were sold by Vancouver at the following prices:—

No. 1	at	\$5.50
No. 2	at	5.00
No. 3	at	3.00

Snow was examined on this transaction and testified as follows:—

Q. We turn to Exhibit 180, which is your file 78, of 1923, covering invoice to you by Victoria office of 303 crates No. 1's, 115 crates No. 2's, 28 crates No. 3's at \$5, \$4.50 and \$1.25 respectively. I suppose you paid for that by cheque because there is no account sales attached?—A. Yes.

Q. I notice your sales of these No. 1's were made at \$5.50?—A. What were they invoiced at?

Q. \$5, that is a profit of 50 cents a crate.—A. Yes, all made at that?

Q. All that I have seen in looking through are made at that. We had better look at them together—No. 1's to Swartz on June 22, at \$5.50, No. 1's to Chapman, same date at \$5.50 for 25 boxes—10 boxes to Chess, June 22 at \$5.50—5 boxes to Jamieson & McBain, June 22, at \$5.50?—A. They are evidently the same.

Q. Twenty boxes at \$5.50 to Hayward & Scott, what have you to say about that?—A. Nothing whatever, you see there would be credits, we made that extra profit—we were not selling on a box charge of 25 cents.

Q. You were merchandising?—A. Yes.

Q. Buying from yourselves and merchandising?—A. Buying from our office in Victoria.

Q. And merchandising?—A. Yes.

Q. Do you think that is quite proper?—A. Yes.

Q. That a broker for the grower should buy from himself and merchandise and make a profit?—A. I think it is proper, yes.

Q. You knew the market was at \$5.50 and you bought at \$5. Either Mr. Dilworth was lax in the interests of the grower or you put it over Dilworth in the interests of this office?—A. I cannot answer any more than I answered, that the earnings showed what we made.

Q. At this rate you apparently got more than your 5 per cent at both ends and your 25 cents a crate?—A. When we merchandised, yes.

Q. I suppose it lay with you to merchandise when you saw fit?—A. Yes.

Q. I will come back to that in a minute, but I want to clean up this Exhibit, we were just two-thirds of the way through number 180. Apparently the No. 3 tomatoes covered by that invoice were sold to you at \$1.25 and I notice you appear to have sold them at \$3 as shown on this invoice—Chess, June 22, 4 crates?—A. We evidently on that lot made some money.

Q. And to other people you appear to have sold those No. 3's at that price?—A. Yes.

Q. And maybe you have graded down some No. 2's?—A. I should think so.

Q. You would not do that, you would only do that on those that were consigned to you?—A. I could not say that, I could not tell you without going through the records, which I have not done.

Q. What do you say to the profit of \$1.75 a crate?—A. It is too large.

Q. Why not return some to the grower?—A. We did not.

Q. Why?—A. We had no reason for it, at that time I do not suppose we were paying any particular attention to that individual lot and how it was made up, time flies fast in this business.

Q. That would be under your instructions?—A. It should be I take all responsibility for everything that has happened here.

Q. Would it be Mr. Parkinson?—A. I take all the responsibility.

Q. I am not looking for any heroics?—A. I am not offering any.

Q. What are the facts?—A. Whatever was done, was done under my direction.

Q. Do you remember?—A. As far as I remember, I do not delegate any powers to any person else.

(ii) *The 1924 Earnings on Tomatoes of Mutual (Vancouver) Ltd.*:—

Snow was questioned as to the tomato earnings of Mutual (Vancouver) Ltd. in 1924. He testified as follows:—

Q. The company gets 5 per cent at both ends on what is handled through Vancouver?—A. Yes.

Q. And 25 cents a crate in addition?—A. On what is handled at Vancouver.

Q. Yes?—A. Yes.

Q. And the company also gets 10 cents a crate, the Mutual, Regina, gets 10 cents a crate on what is handled from Victoria direct to Saskatchewan?—A. Yes, that is the only brokerage the prairie is paid out of our earnings.

Q. Why should it be done in that way?—A. We do not want it all, we could have taken it.

Q. You want enough to go around?—A. As you said before, we must be fair.

Q. How do you work it out, you say half the business was done in this office and half direct to the prairies and is averaged to different orders?—A. Approximately.

Q. So that you would work it out how? \$127,000 total receipts from tomatoes last year, \$63,000 through this office, the company makes first of all 25 cents on \$18,000?—A. Yes.

Q. Which would be \$4,500?—A. Yes.

Q. Then this office gets 5 per cent commission on \$63,000 which would be \$3,150?—A. Yes.

Q. That is a total of \$7,650 for this office. Then Victoria gets 5 per cent on \$127,000 which will be \$6,350—it gets its own 5 per cent on that?—A. What year is this?

Q. This is this year, Victoria then gets 5 per cent on \$127,000 which will be \$6,350, making a total for the company of \$13,950?—A. For that the Victoria office keeps open twelve months in the year.

Q. It does not need to do so?—A. We must give service to the growers, we could close that office but for the tomato deal.

Q. What do you think about \$13,950 for handling that deal?—A. I would say it is not too much if those figures are correct. I do not know.

Q. They check out?—A. That is all approximate.

Q. I am taking the figures you gave me?—A. I will say these figures are approximate.

Q. You do not see any flaw in them?—A. I do not say anything, I cannot argue that.

Q. You say the money looks to be a proper earning for the company?—A. Yes, absolutely.

(iii) *First Interim Report*

On August 5, 1924, your commissioner submitted an interim report dealing with this phase of the matter. That report reads:—

In the course of the investigation of the commission, it has been ascertained that certain sums amounting in the aggregate to a considerable total were withheld in the years 1923 and 1924 from the members of the Victoria Hothouse Association and other shippers by Mutual (Vancouver), Ltd.

After this had been discovered G. H. Snow, manager of the company, volunteered an assurance to the commission that those sums would be repaid forthwith. The commission has recorded Mr. Snow's statement. It is clear that this statement and anything done thereunder will not affect possible later action against those involved.

The commission will be leaving Vancouver and it is considered advisable to state that the total of the sum due to the growers has not been verified by or on behalf of the commission. But it may be here stated for the information of those concerned that the following would appear to be the situation:—

(1) Under 1923 and 1924 contracts between the Victoria Hothouse Association and the Mutual (Vancouver), Ltd., the company (which is one company operating offices at Vancouver and Victoria) was to act as agent and broker and was to receive brokerage of five per cent (5 per cent) on the f.o.b. warehouse Victoria price. These contracts were prepared by Mr. Snow.

(2) In both years the five per cent (5 per cent) commission on all sales was properly taken by the Victoria office.

(3) In 1923, the company through the Vancouver office took an additional twenty-five cents (25c.) a crate on sales made through that office. It is now said that this was to cover freight and cartage between Victoria and Vancouver offices, and to allow an additional commission of about ten cents (10c.) a crate to the Vancouver office for the cost of handling goods there.

(4) In 1923, in many cases the Vancouver office retained further sums in excess of that permitted by the contract. On No. 1 and No. 2 tomatoes as much as fifty cents (50c.) a crate was retained, while in the case of No. 3 tomatoes as much as \$1.50 a crate was withheld.

In several cases sales of No. 3 tomatoes were made at \$3 a crate, the growers being paid on the basis of \$1.25. Some of these retainers are said to have been made to recoup the company for a \$605 loss said to have been sustained on the sale by Mutual Brokers of Regina on the third car of tomatoes shipped to the prairies in June, 1923, and also to cover the loss of \$288 on a most unsatisfactory Seattle transaction. Even if the company had the right to recover \$605 and \$288 from the growers whose goods were in the shipments concerned, as to which no opinion is expressed, it would appear to have had no right to deduct the moneys from shipments of other growers, nor is the explanation of a recoupment applicable to deductions made before the loss took place.

(5) In 1924 the Vancouver office took on Vancouver sales, not only the twenty-five cents (25c.) a crate referred to in (3) above, but also took a commission of five per cent (5 per cent).

(6) In 1924 on sales of cucumbers made by the Vancouver office, that office took a five per cent (5 per cent) commission.

(iv) *Regina Tomato Loss:*

With respect to the \$605 tomato loss Miss Gibson, book-keeper of Mutual (Vancouver) Ltd., testified as follows:—

Q. Do you remember the alleged loss of \$605 on the third car shipped in June, 1923?—A. I remember a loss, of our having to pay Mr. Colquhoun \$605, I do not know whether it was the third car or not.

Q. What for?—A. There was correspondence about it.

Q. What do you know about it?—A. I know it was a tomato car.

Q. How was the money got for that payment?—A. Mr. Snow told me to take it off lots which I had not closed out, we had to get it back.

After the report was issued, Mr. Robert Peters, secretary of the Victoria Hothouse Association, gave a statement to the *Victoria Daily Times* in which he said:—

Although the report of Commissioner Duncan looks very black for the Vancouver office of Mutual Brokers, it must not be forgotten that many of the charges taken as commission may prove to be allowable. Others, those due to clerical error or misunderstanding, will doubtless be refunded.

Three auditors are now going over the books of the Vancouver office, and will ascertain the exact amount that will be due on any refund that takes place to the growers. This sum may approximate \$8,000, though that is only a rough guess.

On the other hand the brokers have proved very successful this year in placing our product, and the business through the Victoria Hothouse Association will amount to some \$200,000. It is with this in mind that we await with confidence the continuation of a contract that is very satisfactory to us. We are a little surprised at the developments in relation to the Vancouver office but without a doubt that will be adjusted to all concerned. There will be a general meeting of the Victoria Hothouse Association shortly when the whole matter will be taken up.

After the commission had discovered these retainers, Snow instructed Miss Gibson, book-keeper of Mutual (Vancouver) Ltd., to prepare a statement of the amounts due to the growers on the basis of allowing Mutual (Vancouver) Ltd. to retain 25 cents a crate on tomatoes and 15 cents a dozen on cucumbers. This was done for the year 1924 before your commissioner left Vancouver and a copy of Miss Gibson's statement was taken. This statement appears in appendix 5, and shows, after deducting 25 cents on tomatoes and 15 cents on cucumbers, \$1,922.19 due to the growers. If, however, these are items which should not be deducted the amount due to the growers would amount to

\$4,162.30 for part of the 1924 season. It is admitted by Snow, and appendix No. 4 proves conclusively, that the 25 cents a crate does not represent an actual disbursement for freight and cartage, but conceals a profit of over 10 cents a crate.

Examined on this matter, Snow testified as follows:—

Q. What do you mean?—A. . . . I intend to have an audit made of every transaction in the tomato deal of 1923, and any profit over the sum of 25 cents a crate out of which we pay freight and cartage will be returned to the growers. I took this matter up with Mr. Simington, took legal advice on Saturday night, and I intend to carry out that idea immediately.

Q. That is over and above the 25 cents a crate?—A. Out of which we intend to pay freight and cartage.

Q. What about the extra 5 per cent commission?—A. The 5 per cent was taken this year and will also be returned to the growers. I think we were legally entitled to it but our legal adviser advises there is grave doubt and agrees with you that there is a grave doubt.

Q. Yes and the 25 cents you consider would approximately cover the freight and cartage?—A. And will allow us approximately 10 cents a crate for extra warehouse—the deal will prove to be a serious dead loss for the two years' operations. Mr. Simington agrees with the advice that has been given and my instructions are to carry it out.

Q. Might I have a copy of that audit?—A. I will see that it goes to you; it may take a month.

A. There has been quite a discussion between Miss Gibson and myself, we do not see eye to eye on it and for that reason we will square ourselves at least with the growers.

Q. How do you differ on that?—A. It is nothing serious, just a question of instructions. I will not place any blame on Miss Gibson or take any myself.

Q. I only want to see the two points of view?—A. She contends that we agreed and that it was to be worked on an absolute basis of 25 cents plus freight and cartage.

Q. Twenty-five cents plus freight and cartage last year?—A. Yes, in going over it with the others in our employ they were under the impression that the 25 cents covered everything, it is a question of doubt, but having taken the advice and on Mr. Simington's instructions we are going ahead to reimburse the growers and am also going through every one of the purchases and will

Q. Your purchases from Vancouver?—A. From Victoria.

Q. And anything over and above the average of 25 cents will also be reimbursed?—A. That will appear in the return we will send you.

Q. Last year Miss Gibson deducted 25 cents and freight and cartage?—A. Yes.

Q. Which you say was not under your instructions?—A. I will not say that.

Q. You do not remember that?—A. There is a doubt. I do not want to hide behind Miss Gibson but I really should check this a little more carefully than we did but we have so much to do

It appears from the foregoing that Snow undertook to pay to the growers all moneys retained after deducting 25 cents a crate in 1923 and 1924. That statement was made in August, 1924. Your Commissioner has since been informed through Mr. McPhee, Solicitor for Mutual (Vancouver) Ltd., that on September 24, 1924, the growers were paid a total of \$2,738.14. Whether the payment covers all moneys due the growers in this connection has not been determined by your Commissioner.

(v) *Prosecution.*

Following the interim report of your commissioner proceedings were commenced by the Attorney General for British Columbia against Snow and Mutual (Vancouver) Ltd. In the proceedings against Snow, the magistrate held that mere production of invoices showing false returns was not enough, and that counsel must prove that Snow knew they were false, and the charges against Snow were dismissed or withdrawn. In the proceedings against the company, the magistrate accepted the explanation that the 5 per cent double commission charged in 1924 was due to a mistake between the two offices, Victoria and Van-

couver. The question of the 25 cents deductions in 1923 he considered to be a civil and not a criminal matter, and dismissed the charges.

(vi) *Price Waterhouse Audit.*

After criminal proceedings had been commenced against Snow and Mutual (Vancouver) Ltd., that company engaged Price Waterhouse & Company to make an audit of the tomato and cucumber transactions for 1923. Apparently Price Waterhouse & Company either made no audit for 1924, or if an audit was made the report was not published as was the 1923 report.

The 1923 report contains a table, here set out, which, on the assumption that Mutual (Vancouver) Ltd., was entitled to 25 cents a crate on tomatoes and 15 cents a dozen on cucumbers in addition to its agreed commission, finds that the growers were overpaid in that year. Table is as follows:—

MUTUAL (VANCOUVER) LIMITED

SUMMARY OF SALES OF HOTHOUSE TOMATOES AND RETURNS MADE TO GROWERS THEREOF FOR THE YEAR ENDED DECEMBER 31, 1923.

	Crates	Amount
Total Sales made to Wholesalers and Brokers, as shown by duplicate Sales Invoices, less allowance made as evidenced by Credit Notes:		
Victoria Branch.....	19,243	\$ 68,924.30
Vancouver Branch.....	13,423 $\frac{1}{4}$	54,264.95
	32,666 $\frac{1}{4}$	\$123,189.25
DEDUCT—		
25 cents per crate on Vancouver Sales—13,423 $\frac{1}{4}$ crates.....		3,355.95
Total amount on which settlement should be made with Growers.....	32,666 $\frac{1}{4}$	\$119,833.30
DEDUCT—		
5 p.c. Commission to Mutual (Vancouver) Ltd. calculated on net sales.....	\$5,991.67	
1 cent per crate payable to Victoria Hothouse Association.....	326.67	
		6,318.34
Net amount payable to Growers.....	32,666 $\frac{1}{4}$	\$113,514.96
Total amount on which settlement was made with Growers, as per Account Sales.....	32,675 $\frac{1}{4}$	\$119,841.62
DEDUCT—		
5 p.c. commission to Mutual (Vancouver) Ltd. as calculated on the Account Sales.....	\$5,991.31	
1 cent per crate payable to Victoria Hothouse Association.....	326.78	
		6,318.09
Additional amount paid on shipment to Walter A. Bowen & Co., Seattle.....		113,523.53
Error in cheque No. 856, overpayment.....		282.07
		30.00
Total amount paid to Growers, as per duplicate Account Sales, supported by receipted vouchers or paid Bank cheques.....	32,675 $\frac{1}{4}$	\$113,835.60
Total amount actually paid to Growers.....	\$113,835.60	
Total amount actually due to Growers.....	113,514.96	
Overpaid Growers.....	\$ 320.64	

The following observations may be made:—

1. It follows from this table (and there is no disputing the fact) that the growers were informed by account sales rendered to them that the

1923 sales of tomatoes yielded.. . . .	\$119,841 62
while the true figures were.. . . .	123,189 25

a difference of.. . . .	\$ 3,347 63
-------------------------	-------------

2. Price Waterhouse & Company's report does not specifically point out, although this may be deduced from the report, that Mutual (Vancouver) Ltd., concealed this \$3,347.63 from the growers by falsely stating the sums realized on the sales of tomatoes. Such is the fact.

3. The deductions of 25 cents a crate on tomatoes and 5 cents a dozen on cucumbers were never shown on any invoice. Why there should have been a false statement of price to cover supposedly authorized deductions has not been explained.

4. Whether the deductions were authorized at all or in such a manner as to deprive the individual growers of their rights under the written contract is a legal question, which can only be decided by the Courts.

5. Mutual (Vancouver) Ltd. had a duty to account not to Victoria Hothouse Association as such but to the individual members of the association, and did so account, its account sales being rendered to the individual members, and not to the Association. Consequently deductions from the returns made to some members cannot be balanced against overpayment to others.

(f) *Merchandising Profits in other Commodities.*

In Appendix 6, is given an abstract from the lot records of Mutual (Vancouver) Ltd., for 1924, showing merchandising profits in excess of \$5. Some of these transactions are no doubt legitimate; but others are of the nature already discussed, in which false account sales were rendered and both a merchandising profit and a brokerage taken.

5. UNFAIR OR IMPROPER REBATES

A broker who is a member of a jobber-broker combine, is under the constant temptation in making adjustments in price due to the quality or condition of the goods, to fall away from his duty to act strictly in the interest of the growers. Cases have been found of heavy rebates ostensibly given on account of condition, while the condition as shown by the prices obtained and profits made did not warrant any such adjustments. Two in particular may be mentioned here, though dealt with in fuller detail later in this report.

Car 280858, June 13, 1924; containing berries from Pacific Berry Growers Ltd. was quoted by W. E. Carruthers, (Nash supervisor at Calgary, who had the handling of the berry deal for the growers) to Mutual Brokers Ltd., Winnipeg, at \$3.75. On arrival at Winnipeg, Mr. J. A. Simington, Canadian general manager of the Nash interests, made an unprecedented adjustment of \$1.75, making the price to the jobbers \$2. These berries were resold by the jobbers as high as \$4. The averaged profits of several jobbers varied from 95 cents to \$1.66½ a crate—50 cents a crate affords the jobber a good profit. Mr. Simington has admitted that he made a "mistake" on the condition of this car. As appears later, the evidence indicates that this was a deliberate adjustment to compensate the jobbers for a supposed loss on a previous car. This adjustment reduced the returns on this car by \$1,428.

Car 5566, containing 918 crates from Wyndell, B.C., was distributed 340 to Calgary, the balance to Edmonton. The Calgary berries were sold to five jobbers at \$2.75 a crate. Later, after a heavy adjustment had been made in Edmonton, W. E. Carruthers, reduced the invoice price to the two Nash houses at Calgary to \$2 per crate. No reduction was made in the invoices of the three other jobbers who had participated.

As showing the great total which rebates and adjustments may attain, it is noted that in 1923 the reported rebates and allowances on the products of the Associated Growers of B.C., Ltd., amounted to between \$75,000 and \$80,000.

6. SPECIAL TERMS TO CERTAIN JOBBING HOUSES

Car 5566 above referred to is an illustration not only of an unfair rebate but also of special favour to certain jobbing houses.

Other instances are discussed in the portions of this report dealing with various kinds of fruit, but the following may here be mentioned.

In the same year Mutual Brokers, Calgary, at different times sold berries to its own houses at lower prices than to "independents". Complaint has also been made that the independents were not given their fair share of the better berries.

A return from Mutual Brokers Ltd., Saskatoon to J. A. Simington, shows that in 1924, strawberries were distributed by that house as follows:—

House	Crates	Total Price	Average Price
		\$ cts.	\$ cts.
P. Burns & Company Ltd.....	1,801	5,464 72	3 03
The Scott Fruit Co. Ltd.....	1,474	4,473 05	3 03
Northern Fruit (Nash).....	2,225	6,491 15	2 91
Early Fruit Co. (Nash).....	2,218	6,431 15	2 90
Crown Grocery (Nash).....	763	2,316 60	3 02
Prince Albert Groc. (Nash).....	839	2,430 05	2 90
Kerrobart Grocery (Nash).....	1,369	3,997 90	2 94

As will be seen by the following wires, Mutual (Vancouver) Ltd. while acting as broker discriminated from time to time against the "Independent" houses in the supply of hothouse tomatoes.

Exhibit 94

VICTORIA, B.C., June 15, 1923.

MITCHELL FRUIT CO., LTD.,
Calgary, Alta.

Starting Monday will protect our houses fifty cents crate tomatoes, making price five fifty f.o.b. Victoria. We need your support.

MUTUAL (VANCOUVER), LIMITED.

Exhibit 94

VICTORIA, B.C., June 26, 1923.

MUTUAL BROKERS, LIMITED,
Edmonton, Alta.

Shipping Royal at four fifty; this strictly confidential.

MUTUAL (VANCOUVER), LIMITED.

Exhibit 95

VICTORIA, B.C., June 19, 1923.

MUTUAL BROKERS, LIMITED,
Calgary, Alta.

Owing to very light receipts of hothouse tomatoes to-day, we required to cut down on all express orders and were obliged to cut out the following altogether: Vernon, Burns, Scott, Calgary; also Plunkett & Savage and Scott, Lethbridge. Please advise these parties. Our action was to give our own houses all possible.

MUTUAL (VANCOUVER), LIMITED.

Jobbers' Rebates at Vancouver:

In both 1923 and 1924, Mutual (Vancouver) Ltd. had a secret arrangement with certain Vancouver jobbers providing for rebates on hothouse tomatoes handled by them. This arrangement Snow sought to explain on two grounds:—

- (1) That it was the price paid for an undertaking not to import southern tomatoes in competition with the British Columbia hothouse products.
- (2) That it was the price paid for an understanding that the wholesalers would at Snow's request take tomatoes off his hands during the periods of over-supply.

This testimony is contradicted by the wholesalers themselves. On February 28, 1923, the Vancouver Fruit and Produce Association passed the following formal resolution:—

Moved Mr. F. W. Welsh, seconded Mr. T. Scott: That this association in consideration of the B.C. Mainland Hothouse Growers' Association agreeing to distribute their crop in an equitable manner, we agree not to import foreign tomatoes and cucumbers in competition.

This was passed before Mutual (Vancouver) Ltd. took over the handling of the island tomato crop. Apparently there has been a mistake in the wording of the resolution for the Association referred to appears to have been the Victoria Hothouse Association and not the British Columbia Mainland Hothouse Growers Association. It further appeared in testimony that the Vancouver jobbers had found the southern crop less dependable than the hothouse variety and had suffered serious losses in past years in handling southern tomatoes.

Nor is the other explanation of Snow supported by the testimony of the jobbers. The evidence tends to show that these secret rebates, which in some cases amounted to 35 cents a crate, were given to certain jobbers at a time of serious competition: Tomatoes were being handled on a margin of 25 cents a crate and in some cases at cost. One object of the rebates was to drive out of business jobbers who would not adhere to price agreements. The effect of the rebates was to enable the favoured jobbers to compete by exceptionally advantageous terms with those who were not so favoured.

The evils of such a policy, particularly when pursued by the broker for the producer, are obvious:—

- (1) Such a policy of discrimination between jobbers, if continued over a period of time, will result in the reduction of the number of jobbers distributing products and the closing of some of the channels of distribution.
- (2) It causes discrimination against the produce of other growers, who being ignorant of such an arrangement, will have difficulty in placing their goods on the market in competition with goods so handled.
- (3) It prevents that orderly marketing of goods which is to the best interest of both producer and consumer.

7. OTHER IMPROPER PRACTICES

Discrimination:

Acme Fruit Company, Ltd., is a Nash jobbing house in Calgary. On March 19 and 21, 1923, the following correspondence passed between Mr. P. C. Hiles, manager of Acme, and Mr. G. H. Snow, manager of Mutual (Vancouver) Limited.

MUTUAL (VANCOUVER), LIMITED,
Vancouver, B.C.

CALGARY, ALTA., March 19, 1923.

Attention Mr. Snow

DEAR SIR,—We have to-day received three cases of hothouse cucumbers shipped by the B.C. Farmers' Exchange, Vancouver. These are Telephones, invoiced at \$3.25 per dozen.

Yours truly,
ACME FRUIT COMPANY, LIMITED.
(Sgd.) P. C. HILES, *Manager.*

Messrs. ACME FRUIT COMPANY,
Calgary, Alberta.

GENTLEMEN,—We are in receipt of your favour of the 19th instant with reference to cucumbers shipped you by the B.C Farmers' Exchange.

These people are small wholesalers here and have financial interests in a few greenhouses, and have a small supply of early cucumbers of the Telephone variety.

We tried to get these people to ship their supplies through us, but the proprietors are Scotch, and to have paid us a brokerage would have resulted in one of them having a hemorrhage.

It is all right with us for you to lean hard on them. We are certainly not going to pay them any \$3.25 a dozen for cucumbers we use here.

GHS/p

When your commissioner endeavoured to trace this transaction Acme Fruit Company advised that their 1923 records had been burned. It appears that these records and others of other Nash houses were destroyed in January of this year. It is said by the houses concerned that this is an annual practice, and that they saw no impropriety in destroying these documents during the investigation of the commission.

It appears however that Acme paid \$3.05 express, and remitted to the British Columbia Farmers' Exchange \$5.45. There were six dozen cucumbers in the shipment. This means that after Snow's letter advising Hiles that "it is all right for you to lean hard on them" Hiles remitted at the rate of less than \$1.45 per dozen delivered Calgary.

It was Snow's practice in 1923 and 1924 to make a charge on l.c.l. shipments to the prairies of .05 cents a crate on hothouse tomatoes for cartage. One invoice will be sufficient illustration.

VANCOUVER, B.C. Aug. 5, 1924.

IN ACCOUNT WITH Mutual Brokers Ltd.,
Winnipeg, Man.
No. 924

Date	Quantity	Article	Weight	Price	Amount	Total
	50 crts.	Toms. 1's ctg. a/c commodity	CONSIGNED 50	.05		2.50
		<div> RECEIVED Aug. 8 1924 MUTUAL BROKERS LTD. WPG. </div>				

This charge was represented as a disbursement. This was only partially true; for Mutual (Vancouver) Ltd. had the service performed by Jameson-McBain Ltd., who charged 3 cents a crate. The balance of 2 cents a crate, which on the 1923 and 1924 prairie business totals a considerable sum, is part of the purchase price which belongs to the growers. Snow claims to be entitled to retain this sum on the ground that it represents the cost of roping, handling and marking the crates. There is no merit in this suggestion; for payment for such services would be covered by the regular commission.

Favouring Particular Growers or Sets of Growers:

There is evidence pointing to the conclusion that Mutual (Vancouver) Limited, and other Nash houses have favoured particular growers; and that certain shippers and associations have received better treatment than others. It is hardly necessary to point out the great peril to the co-operative movement, which here lies concealed.

Higher returns to certain associations are in some cases attributable to higher quality of product. Whether this is the reason for the great difference in returns made through Carruthers on strawberries out of car lot shipments in 1924 is not known to your Commissioner. The following table shows the average returns made on strawberries in 1924.

	Gross Receipts	Express	Brokerage	Net
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Wyndell association.....	2 86	0 57	0 11	2 18
Island associations.....	2 94	0 71	0 11	2 12
Pacific Berry Growers, Ltd.....	2 76	0 60	0 11	2 05
Berry Growers' Union.....	2 43	0 56	0 10	1 77

Your Commissioner is unaware why there should be such a discrepancy between the returns made to the different associations; more particularly between those of the Pacific Berry Growers Ltd. and the Berry Growers' Co-operative Union of B.C., which draw supplies from approximately the same area.

(8) FAILURE TO OBTAIN THE HIGHEST PRICE FOR THE GROWERS

The broker as the servant of the grower for whom he sells is legally bound to obtain the highest price for the goods of his principal. The following excerpt from the evidence of H. W. Morgan, manager of Mutual Brokers Ltd., Calgary, deals with the way in which that duty was discharged. In this particular case a portion of a shipment of rhubarb from car C.P. 282406 had been sold by Mutual Brokers to the Acme Fruit Company, Ltd., one of the Nash jobbing houses in Calgary at a price which enabled the jobbing houses to make a profit of 50 per cent on cost.

Q. Sold at \$223.50 giving them a profit of \$77.30 or 33 per cent on sales. What would you say about a profit of nearly 50 per cent on cost or 33 per cent on sales?—A. Well when they buy.

Q. What?—A. They buy it, it is not an unreasonable profit.

Q. You don't endeavour to check up the retail selling price; the selling price to the retailer?—A. No.

Q. And ascertain how much the jobber is making?—A. No.

Q. You don't think it your duty to the shipper, that your duty to the shipper extends that far?—A. I don't know that it does.

Q. You don't think it does?—A. No, they buy the stuff at the price quoted.
 Q. You don't try to get an increased price for the shipper when you know the jobber is making a big profit?—A. I didn't in this case.
 Q. What?—A. I evidently didn't.

The following transaction shows the way in which Mutual Brokers Ltd. of Winnipeg dealt with certain l.c.l. shipments of tomatoes from Victoria.

What was done was for Mutual, Winnipeg, to take orders for hothouse tomatoes at say \$4.25 but to wire orders to Victoria at \$3.75, notifying Victoria to express to the purchaser, but to invoice the Mutual Brokers, Winnipeg. On receipt of invoices from Victoria at \$3.75, Mutual Brokers, Winnipeg would then invoice the purchaser at \$4.25 and remit Victoria at \$3.75 less 10 cents a crate; making in this way 60 cents a crate. Whether Victoria remitted \$3.75 to the growers, or deducted a further 10 cents is not known. The following wires and documents set out in detail one of these transactions of which there were many.

MUTUAL (VANCOUVER) LTD.,
 Vancouver, B.C.

WINNIPEG, July 11, 1924.

Express Burdett twenty number one tomatoes three seventy five invoice us.
 (Sgd.) MUTUAL BROKERS, LTD.

E. BURDETT & SONS,
 Winnipeg, Man.

WINNIPEG, July 12, 1924.

DEAR SIRs,—As per your order to us yesterday we wired Mutual (Vancouver) last night to express you 20 No. 1 tomatoes at \$4.25.

Yours truly,

MUTUAL BROKERS LTD.,
 Per Mgr.

DLG/GN:

MUTUAL (VANCOUVER) LIMITED

153 Water Street

VANCOUVER, B.C., July 12, 1924.

IN ACCOUNT WITH—Mutual Brokers Ltd., Winnipeg, Man.

Date	No. 838 Quantity	Article	Weight	Price	Amount	Total
				\$ cts.	\$ cts.	\$ cts.
(4)	20	Crts. Toms. l's.....		3 75	75 00	
		Ctg. a/c commodity rate.....	20	05	1 00	
	C	Shipped E. Burdett & Sons, Winnipeg, Man.				76 00

(Invoice)

July 16, 1924.

E. BURDETT & SONS,
 Elgin Ave., City.

4894
 20 cs. Hothouse Tomatoes, at \$4.25..... \$85 00
 Cartage at 5 cents per case..... 1 00
 \$86 00

Expressed you ex Vancouver, July 12

(Statement)

WINNIPEG, MAN., July 16, 1924.

MESSRS. MUTUAL VANCOUVER LTD.,
Vancouver, B.C.

IN ACCOUNT WITH Mutual Brokers, Ltd. DR.

Date	File	Amount	Total
		\$ cts.	\$ cts.
Your invoice No. 838 of July 12.....			76 00
Less brokerage at 10 cents per case.....			2 00
			74 00
Our File, No. 4894. Cheque No. 1653 attached.			

On this transaction of 20 crates Mutual Brokers Ltd., Winnipeg, made \$12.

Reference had already been made in this report to Snow's practice of charging 5 cents a case for "cartage a/c commodity rate." There was no such disbursement at Vancouver.

After your Commissioner had commenced his inquiry the following self-explanatory letter was written by Mutual Brokers Ltd., Winnipeg, to Mutual (Vancouver) Ltd.

c.c. to Mr. Simington:
MUTUAL (VANCOUVER) LTD.,
Vancouver, B.C.

WINNIPEG, Aug. 4, 1924.

Attention Mr. Geo. Snow

DEAR GEORGE,—Enclosed find our cheque for \$345 per statement attached covering Hothouse Tomatoes.

On the first shipments of these which were forced on us by Mr. Colquhoun we took a bump, but made a profit on subsequent shipments. We have held this balance in suspense as you have never notified us as to how we should handle it—Mr. Simington returned to-day and advises us that under your arrangement we are entitled to only 10 cents per case—those first shipments struck a bad market. We are ordering further shipments to-day and owing to conditions cannot sell at firm prices—in the event of our not getting your full price for these we will expect protection.

Yours truly,
MUTUAL BROKERS, LTD.

DLD/GN

Per

Mgr.

Your commissioner is not aware whether this \$345 has been returned to the growers. This rather unsavoury transaction shows that, despite representations made to the growers that the widespread chain of brokerage offices of the Nash organization would market their crop to the best advantage and give them the highest possible returns, Mr. D. L. Davidson of Mutual Brokers Ltd., Winnipeg, was not averse to picking off 50 cents a crate over and above 10 cents per crate brokerage.

(9) FAILURE TO FURNISH INFORMATION TO GROWERS

One of the duties of a broker is to furnish to his principal accurate information of market conditions. This duty was not properly performed by Mutual offices, as is evidenced by the way in which the 1923 Regina hothouse tomato cars were handled; and in other ways.

C. OPERATIONS OF JOBBER-BROKER COMBINE

1. *Attitude of jobber-broker combination to growers and growers' organizations:*

Supply is vital to any large jobber-broker group. In endeavouring to obtain supply the various Nash officials have from time to time stressed the power of their organization, and the advantages of dealing with it, particular emphasis being put on the prospect of maximum price, fair dealing and honest returns. These and other advantages were also pointed out by other persons.

On August 4, 1923, in connection with the berry deal, Snow wrote Carruthers, stating:—

as you are well aware the writer has a lot of expense of a confidential nature that this office has had to pay.

and suggesting that Mutual (Vancouver) Limited be allotted a sufficient proportion of the berry earnings for that year to cover that expense.

On August 9, 1923, Snow again wrote Carruthers on the same subject, saying:—

We know you have great difficulty in satisfying six or seven hungry wolves who think they have done all the work in this deal. However, the writer feels that we have to handle it the year around and it is an expensive proposition keeping these berry birds in line, and also a very expensive proposition to handle at this end. We figure the amount we have been allotted will barely pay our out-of-pocket expenses, as a matter of fact it is some \$800 less than last year. . . .

On August 11, 1923, Carruthers wrote Mutual (Vancouver) Limited, as follows:—

. . . . We charged up to the berry deal this year \$150 covering half Reader's salary for two months taking care of details, and the expense including the \$490 on the cherry deal, and your increased deductions were approximately the same as our expense last year, including the amount we paid Landry. On top of all this, George, you paid last year's Skinner's expenses of approximately \$500. . . .

Yours truly,

(Sgd.) W. E. CARRUTHERS.

Skinner who had been engaged for about five or six weeks in 1923, was again employed in connection with the 1924 berry deal. This time his bill for two weeks' work was \$600. Simington appears to have been under the impression that it was \$900, for on August 5, 1924, he wrote Carruthers instructing him to charge that amount against the profits of the berry deal.

With respect to Skinner's bills for 1923 and 1924, Carruthers testified:—

A. Well, in the first instance I think he was out there about six weeks.

Q. And his bill was how much for that?—A. I only told you the other day from memory; I think that was approximately correct.

Q. Did you look it up since?—A. No, I didn't have anything to look it up from.

Q. And how long was he out the next time?—A. I think a couple of weeks.

Q. \$300 a week?—A. But there was some dispute. I remember tackling him about that bill and he said, "Oh, your alibi is I didn't spend that on the berry deal," and he said, "I know I didn't, but that was owing me and that is my bill."

Q. How much would he spend in a couple of weeks out there?—A. Now you ask me something. I have travelled along with Skinner.

Q. I know. He enjoys life?—A. Yes.

Q. But still it is pretty hard for a man to drink \$300 a week?—A. That may not be the only habit.

Q. But you weren't paying him for that; you were paying him for working on the berry deal, and not for any habits. You weren't giving him a holiday?—A. I didn't authorize any holiday that I remember of.

Q. Did he ever, in your discussions with him did he ever produce any vouchers or show you any?—A. I have no recollection.

Q. In detail?—A. No, I have no recollection.

Q. Did you authorize the payment of the \$600 in the end?—A. No, I didn't authorize payment. I think Mr. Simington did after it was discussed.

(a) *Attempts to separate or divide growers' organizations.*

J. A. Simington, G. H. Snow and various other Nash officials took a definite interest in policies of the various growers' organizations, and the personnel of the executives. While they were interested in organization up to a point, it was not to their interest to have the growers too well organized; and, as will appear by the following correspondence, attempts were made to break up and divide different associations.

On September 10, 1923, Snow wrote Carruthers as follows, with respect to the plan to separate Chilliwack from the British Columbia Berry Growers' Association:—

VANCOUVER, B.C., September 10, 1923.

Mr. W. E. CARRUTHERS,
c/o Acme Fruit Co.,
Calgary, Alta.

DEAR SIR:

What do you think of the plan to separate Chilliwack from the British Columbia Berry Growers' Association and handle them the same way we handled Gilland, Fisher and Victoria? I do not know whether it would be possible to pull this off as Eddy is a great co-operator, but if you think the plan all right, would start in on it.

Would you rather have it worked this way, or would you rather have the whole British Columbia Berry Growers' deal another year?

Yours truly,

GHS/p

MUTUAL (VANCOUVER) LIMITED.

In the plan of dividing the growers, which would ultimately result in the produce of one set of growers being used to fight the produce of the other set, to their mutual misery, the Mutual (Vancouver) Limited had valuable assistance. The question came up of separating the Fruit & Mercantile at Hatzic from the Central. On January 28, 1924, Snow wrote to J. A. Simington at Los Angeles, as follows:—

January 28, 1924.

J. A. SIMINGTON, Esq.,
c/o Messrs. Randolph Marketing Co.,
Los Angeles, Cal.

DEAR SIR:

Re Berry Deal

We have come to the conclusion that we are to receive the Co-operative emblem from the Berry Growers' Association again this year.

To offset this there is a possibility that it will be possible to separate the Fruit and Mercantile at Hatzic from the Central, and get their deal as a unit, the same as we have Gilland's and Victoria. This would give us all the raspberries we want, and, at the same time it would relieve us of any further negotiations with the Simpson-MacLean crowd.

Up to the present time Hatzic has refused to sign a contract with Central, and we have a wild-cat on the Directorate at Hatzic, who is a large grower. We had him in here Saturday and sent him back with his ear well polished for his directors' meeting, which is being held to-day.

No matter which way it goes we have arranged things so that we will not be blamed for the upset if it comes.

We have taken this matter up with Gilland and Tanner, and they agree with us that it is the finest thing that could happen if Hatzic would pull out, for it would bust the Central higher than a kite. Eddie is hopeless as he is out-voted, and no matter what he wants to do Simpson and MacLean are opposed to it.

Our Director on the Hatzic Board told us Saturday that the prices published by the Central only covered the berries that arrived in first-class shape, and were paid for in full. The average does not include those that were dumped in the river, burned

in the lumber incinerator or sold for wine purposes in Winnipeg. You will remember the published prices were approximately 15 cents a case higher than those reported by Gilland and Victoria. The Central is still following along the usual lines, and there is really very little new to tell you. By the end of February we will have the whole situation here clarified, but there will be nothing doing in between. Beard has left the employ of the Fruit & Mercantile following a request for his resignation. . . .

Yours truly,

GHS/g

MUTUAL (VANCOUVER) LIMITED.

The same day Snow wrote Carruthers as follows:—

VANCOUVER, B.C., January 28, 1924.

W. E. CARRUTHERS,
c/o Acme Fruit Co.,
Calgary, Alta.

DEAR BILL,—Thanks for your letter of the 26th. Am enclosing letter received from J.A.S., and reply sent to-day. The Hatzic affair is a peach and will raise particular hell if we pull it off. Our director on the board is well groomed. He is a dandy. We put the Nash brand on his hip Saturday. We sure play up to the Associated these days.

Yours very truly,

The growers, or some of them, appear not even yet to have learned the fundamental lesson that in union, and only in union is there strength. The following remarkable correspondence of February 4, 9, 13 and 28, and March 26, 1924, gives a view of how the situation was regarded from the point of view of the Nash organization:—

February 4, 1924.

GEO. SNOW, Esq.,
c/o Mutual (Vancouver) Limited.,
Vancouver, B.C.

DEAR SIR,—Mr. Grant was in town on Friday so had quite a talk with him. He says that Mr. Tanner has gone as far with the Berry Growers' Co-operative Union as he would expect him to go, and as far as he recommended him to go when the matter was up for discussion a year ago. Grant suggests that Tanner should make them a definite proposition giving them a couple of days in which to accept or reject and if they don't take him up, Grant says that Eddie, Simpson, and MacLean are duty bound to resign their positions as they stated to him they would do so.

The moment they reject Tanner's proposition Grant feels that Landry would step into the breach and organize the deal for us. This is confidential so be careful how you handle it. Grant advised me that both Mr. Savage and Mr. Stockton had an appointment with him so you can see that they are out strong for the deal again. I think I wrote you that Savage had tried to get brokerage charges increased as I understand they lost money last year. I told Grant positively that we would give the G.S.A. no brokerage on berries as we made them a fair proposition last year which they declined, and that for this year we were not extending any quarter to keep any weak sister in business.

You will note by the papers that a resolution was passed giving Grant an assistant. Grant told me that he recommended Landry as his assistant but told him that the government could not pay him as much as he could get on the berry job for three months so I am inclined to the opinion that Landry is awaiting an opportunity to step into the berry deal. It seems to me you should get someone to go and tell the growers the exact situation, and stir up such a howl that they would have to come out and publish the facts.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

VANCOUVER, B.C., February 9, 1924.

W. E. CARRUTHERS, Esq.,
c/o Messrs. Acme Fruit Co. Ltd.,
Calgary, Alberta.

Re Berry Situation

DEAR SIR,—We are in receipt of your favours of the 4th and 6th with reference to the berry situation. We arranged some weeks ago with Mr. Tanner to subscribe

to the "Packer" and all "Sapiro" writeups are being well circulated around Victoria. We do not think it would be possible for us to get these articles reprinted, as every paper out here is hooked up in some way or other to the co-operative movement. In any case the writer feels that it would be bringing ourselves a little too much into the limelight if it were noised around that we were responsible for the republication of this dope.

We note what Mr. Grant has to say regarding Landry, but he is only telling you what we had all fixed up here three months ago. Tanner's bunch, unfortunately, elected two Bolsheviks to the Directorate, who are in sympathy with the MacLean crowd. Tanner sent out an S.O.S. for the writer who has spent most of the week in Victoria helping Tanner line up these rough birds. We are positive that everything is all right there now, especially with McCarthy back as president. The greatest difficulty we have run into is the question of an f.o.b. price, which Tanner knows is not feasible, but is great propaganda among the individual growers. Within two weeks the three factions will be meeting again here, and the blow-up will then take place. Tanner's directors, with a majority vote, are determined to have nothing to do with the Mainland deal. We feel confident that everything is going to be all right, as far as we are concerned at all points, but do not intend to go on record in case there is a fall-down.

We have four men at work in the Hatzic district, including two directors, and we are sure that each one of the four has no idea that the others are wearing our brand. We think it will be quite in order to commit any crime, murder excepted, to land this Hatzic bunch as a unit, on the same basis as Gilland and Tanner. We are proceeding to do this, irrespective of how much it will cost, because once we get them they are ours for keeps. No matter what happens we must use the greatest of care, in case our plans fall down and the Central operates again in 1924, to see that we still appear to have clean hands when we ask for the deal.

The writer is devoting all his time to this proposition, and you are just as liable to get a flash wire some early morning that we are perched in the saddle at all points.

With reference to the deficit at Central, there is not a grower connected with this pack who does not know of the heavy losses they took in 1923, and we have the air well filled with propaganda that the Central are coming back on every individual grower with a levy of 25 cents per crate on everything he shipped to pay this loss. The Adam's apple of every member of the Co-operative Union will be travelling up and down like an elevator as soon as this propaganda lands.

We are well satisfied with the outlook, and will immediately advise you of any change that takes place.

Yours truly,

MUTUAL (VANCOUVER) LIMITED.
(Sgd.) G. H. SNOW.

P.S.—We may get the "Vancouver World" to reprint a summary of the attack on "Sapiro."

February 13, 1924.

J. A. SIMINGTON, Esq.,
c/o Randolph Marketing Co.,
Los Angeles, Cal.

Re Berry Deal

DEAR SIR,—Eddie quit the British Columbia Berry Growers' Executive Board yesterday, giving as his reason for resigning that he wished to devote more time to his nursery business. The true reason is that he thought it impossible to do any constructive work with MacLean and Simpson as the balance of the executive. It seems that there has been every kind of a row imaginable among the three of them, and Eddie saw he was just a goat. His leaving the board is rather rough on ourselves, however, Eddie was outvoted, and it may be just as well to have him working on the outside.

The British Columbia Berry Growers' Association have decided to make one last effort to get the Government to advance them \$75,000 to build a cannery. If they are unable to get this money they say that they will disband. We have advised the Government officials that there is no need for them to advance any money, as the existing canneries can take care of them at the present time, and we can arrange for their stuff to be canned on the basis of cost plus 10 per cent. We doubt very much if the Government will advance this money. There is to be a public meeting at Mission on the 20th, when this deal is to be discussed, and the writer proposes to

be there, and will endeavour to get a stenographic report of the speeches of our friends, Messrs. MacLean and Simpson, and will send it along to you.

As far as we are concerned things are brightening daily on the berry deal. There is a possibility that we will get our views into "Farm and Home" through an advertisement of Gilland's. We will not stand for the Ad's going in edited by "Farm and Home" and it will have to go in as we have written it, as we are paying for it. Gilland wants to reach a section of the Growers that are strong for co-operation, no matter what the cost.

We believe that we will have the handling of the Rhubarb of the Dewdney Association this year. This is the crowd that the Growers Sales had last year. It will amount to from seventeen to twenty cars.

Yours truly,

GHS/g

MUTUAL (VANCOUVER) LIMITED.

P.S.—Eddie will stay on board of directors of British Columbia Berry Growers for time being, and Chilliwack will not withdraw at present.

(Sgd.) S.

(Telegram)

VANCOUVER, B.C., February 28, 1924.

W. E. CARRUTHERS,

Acme Fruit Company, Limited,

Calgary, Alberta.

Eddie will meet Simington here. Chilliwack signed five-year contract with Central unable break away. Hatzic signed one-year only. This our only chance. Meeting Hatzic sixth March to decide staying with Central or playing with us as unit. Cannot do any more dynamiting. It's now up to Hatzic Growers. We quite safe Victoria Gilland. Sorry you not coming.

MUTUAL (VANCOUVER) LIMITED.

(House Correspondence)

March 26, 1924.

Copy for Mr. Colquhoun:

J. A. SIMINGTON, Esq.,

c/o Rex Fruit Co. Ltd.,

Moose Jaw, Sask.

Re Berry Deal—1924

DEAR SIR,—

Landry is very much worked up owing to the fact that Simpson informed Grant that if they sent a representative to the prairies it would be MacLean. If MacLean is sent it will be the worst possible thing that could happen to us, unless you can produce a lion-tamer to look after him during the berry season. In a sense though, if the old man could be got next to in a proper manner, he might be invaluable to us in the future.

Tanner and Twining met Simpson on Monday last and agreed on canning and jam prices so this is a step forward. Tanner said that Simpson had lost his bark and bite, and was quite willing to fall into line on anything they suggested.

We are preparing the Berry Contracts as signed last year, and these will be executed during the next few days.

Yours truly,

MUTUAL (VANCOUVER) LIMITED.

GHS/g

To this correspondence may be added a letter from W. E. Carruthers to Geo. Snow, dealing with propaganda against Sapiro and the co-operative movement. The letter reads:—

NASH SHAREHOLDERS COMPANY, 1722 HENNEPIN AVE., MINNEAPOLIS, MINN.,

February 6, 1924.

DEAR GEO,—See Chicago Packer, February 2, for several write-ups on Sapiro—you should see that Tanner gets a copy and likely he can get it published in Victoria paper as Farm and Home certainly will not publish it.

We should try especially to get the article headed "Sensational Statements of Sapiro Activity in Kentucky" published as it would show the growers that Boyd Oliver was trying to put something over as per usual custom, also paying Doberer immense salary was in line with Sapiro usual plan. This article including the editorial following immediately after should be published in full. Also two previous issues of Packer been after him and likely more to follow. Watch for them. Let me know what you do.

(Sgd.) W. E. C.

In appendix 7 will be found other correspondence dealing with the attitude of the Nash organization to the growers and growers' organizations.

(b) Gilland and Pacific Berry Growers Ltd.:

The E. M. Gilland above referred to is the general manager of Pacific Berry Growers Ltd., a company which handles the berries of certain Japanese and other growers.

Pacific Berry Growers Ltd. was incorporated in December, 1919, under the British Columbia Companies Act, with an authorized capital of \$100,000 divided into 10,000 shares of \$10 each, of which about \$80,000 has been paid up.

E. M. Gilland, who has the controlling interest in the firm of Edgett & Gilland Ltd., has, through his personal holdings and through the holdings of that company, the actual control of Pacific Berry Growers Ltd. The holdings of Edgett & Gilland Ltd. in Pacific Berry Growers Ltd. are 3,684 shares; Gilland's private holdings are 326. There are some thirteen white stockholders; the remainder being Japanese whose holdings are from one share up.

A dividend of 15 per cent was declared for the year 1920, but no cash was paid, the amount of the dividend being credited to the shareholders' accounts. A cash dividend of 8 per cent was paid for the year 1922, and a dividend of about 10 per cent is anticipated for 1924.

In the early part of 1924 the Berry Growers Brokerage Company Ltd., was incorporated as a subsidiary holding company. It was found that when Japanese growers died or left the country difficulty was encountered in finding a person to take over their shares, so the brokerage company was formed to take over their shares at their book value on a commission of 5 per cent.

Pacific Berry Growers Ltd. handled the berries of the growers dealing with it in 1924 on a commission of 15½ per cent on all market berries, and a straight purchase of jam and canning berries. The commission was to include all handling and pre-cooling charges, and was to be calculated on the gross price received, but in fact it has only been calculated on the shipping point price.

The Pacific Berry Growers Ltd. owns and operates a canning factory, a general store and a pre-cooling plant, all at Port Haney. It has also a lease of a Vancouver warehouse from which it does a certain amount of jobbing business with the Vancouver retail trade. The pre-cooling plant was built in the fall of 1920.

In 1923 after the Berry Growers Co-operative Union of B.C. had established a plant at Port Haney, Gilland informed the directors of Pacific Berry Growers Ltd., that certain of the growers at Mission were building a pre-cooling plant there and would lease it to the Pacific Berry Growers Ltd. According to the evidence the Japanese president of Pacific Berry Growers, Mr. Inouye, the directors were not told that the plant was being built by Gilland himself financed by the Nash interests. The plant invaded the field of the Berry Growers Co-operative Union at Mission and from an economic point of view was an unnecessary construction, there being at Mission a pre-cooling and shipping plant of the Fruit & Mercantile Exchange Ltd., and the King Beach Jam Factory, sufficient to handle all the berries from the Mission field.

This plant was erected by Gilland on the secret financing of the Nash interests, the officials of which organization denied any such connection with the plant. On April 4, 1923, W. E. Carruthers wrote as follows:—

April 4, 1923.

Mr. G. H. SNOW,
c/o Mutual (Vancouver) Ltd.,
Vancouver, B.C.

DEAR SIR,—Skinner and I framed to meet Doberer at Salmon Arm Saturday night. Skinner making the excuse that he wanted to see him about some traffic matters, so I drove over and took the train home from there. We succeeded in getting his 'Nibs' gin' up a bit and then Skinner started to treat him rough, not, however, till Doberer had thrown some rather drastic insinuations about us backing Gilland, and lining up with the Island and Gilland so that it made it an impossible task for them to get them into their Co-Op. We framed that Skinner should treat him rough and I should play the peacemaker and it worked out fine. We got the old bird real mad and then he quieted down and talked sensible. He did, however, say that you had committed yourself to the extent of stating that we did not put any cash behind Gilland and Doberer wished to infer from this that you intimated that we had arranged some backing for him or something of that sort. Immediately he pulled this, Skinner told him that he was lying and that you never said any such thing because it was impossible for you to make such an assertion as you knew well we had nothing to do with Gilland. The old man has a pretty good poker face and he was just trying to bluff this across to see what we would say, but did not get away with it.

Yours truly,
(Sgd.) W. E. CARRUTHERS.

WEC/MA

The pre-cooling plant at Mission stands in Gilland's name and is leased to the Pacific Berry Growers Ltd. on a yearly lease. There is no written lease, merely a verbal arrangement between the company and Gilland. Twelve thousand dollars of the money for this plant was advanced by the Nash interests, but the mortgage by which the money was secured was placed in the name of Mr. Hugh Ferguson of Victoria. The corresponding debit appears in the books of the Mutual Purchasing Company of Winnipeg. At the present time none of the principal has been paid off, and interest amounting to \$330 is in arrears from June 30, 1924.

On examination Gilland was asked by your Commissioner whether the Pacific Berry Growers Ltd. had been financed by any person, or whether its account had been guaranteed; Gilland's reply was, no, that there had been no financing: "They have done all their financing with the assistance of the bank alone." When so testifying, Gilland did not disclose to your commissioner, as he should have done, that on March 26, 1924, he drew on the Mutual Purchasing Company, Ltd., at Winnipeg, for \$23,435. \$12,435 of this draft (which was accepted and paid) was the agreed purchase price for Gilland's jam pack; the remaining \$11,000 was a loan by Mutual Purchasing Company Ltd., to Pacific Berry Growers Ltd., to enable that company to pay off certain bank indebtedness. A note of Pacific Berry Growers Ltd. for \$11,000 was afterwards taken as security. When again examined at a later date Gilland admitted to your Commissioner certain of the transactions.

In 1924 various Mutual officials became uneasy as to the repayment of this \$11,000, and S. P. Lloyd wrote Mutual (Vancouver) Ltd., suggesting that that company deduct 25 cents a crate from the berry returns of Pacific Berry Growers Ltd. to liquidate the indebtedness. Twenty-five cents a crate was not deducted, but 15 cents per crate was deducted by Mutual (Vancouver) Ltd. These deductions were not disclosed on the account sales rendered by Mutual (Vancouver) Ltd. to Pacific Berry Growers Ltd., but were concealed by false statements of the amounts received from the sale of the berries.

The following copies of returns from W. E. Carruthers of Calgary, to Mutual, Vancouver, on car 280870, and the account sales from Mutual (Vancouver) Ltd. to Pacific Berry Growers Ltd., will show the elaborate nature of the calculations made to conceal this retainer of 15 cents a crate:—

Car 280870—File 124—W. E. Carruthers to Mutual (Vancouver) Ltd.

716 Rasps at..	\$2 90..	\$2,076 40	
58 Logans at..	2 50..	145 00	
48 Straws at..	3 25..	156 00	
3 Red currants at..	2 50..	7 50	
2 Cherries at..	4 00..	8 00	
1 Rasp. (Logan) at..	2 70..	2 70	
<hr/>			
828		\$2,395 60	
Less express..		471 43	\$1,924 17
		<hr/>	

Car 280870—July 22, 1924—Mutual (Vancouver) Limited to Pacific Berry Growers Ltd.

723 Crates Rasps. sold for..	\$1,985 45		
51 Crates Logans sold for..	119 85		
48 Crates Straws sold for..	148 80		
3 Crates Red Currants sold for..	7 05		
2 Crates Cherries sold for..	7 70		
1 Crate Logan (Rasp.) sold for..	2 55		
<hr/>			
	\$2,271 40		
Less express..	\$471 43		
Less commission..	89 99	561 42	\$1,709 98
		<hr/>	

Snow testified that this arrangement was with Gilland's consent. If so, the conclusion is that the account sales were made in this form to deceive some other person. The return from Pacific Berry Growers Ltd. to the growers themselves, still carried on this deception for it set out the price per crate as the net price received from the Mutual, but made no mention of the 15 cents deduction.

This 15 cents deduction was credited to what was known by both the Mutual, Vancouver, and the Pacific Berry Growers Ltd. as their No. 2 account. Mutual deducted from the returns to the Pacific Berry Growers Ltd. in 1924, \$5,282.28 on this account. This money was handed over to the Pacific Berry Growers Ltd. by three cheques as follows:—

July 2, 1924..	\$1,863 63
August 21, 1924..	1,849 72
September 30, 1924..	1,568 93

These sums were paid into the No. 2 Account of Pacific Berry Growers Ltd., which shows this \$5,282.28 as still on hand although Gilland states that about 25 per cent of it has been disbursed to the growers and not entered up.

The hold-back of the 15 cents, which was moneys belonging to the growers and not the money of Pacific Berry Growers Ltd., was not authorized by general meeting, and the shareholders, other than directors, are ignorant of it. A similar hold-back of 15 cents per crate was made by the Mutual (Vancouver) Ltd. on returns to the Berry Growers Co-operative Union of B.C., and the Central Fruit Distributors Ltd. Mr. Simpson of the B.G.C.U., stated that the hold-back was suggested to him by Snow as a means of obtaining a fund to equalize the price returned to growers on different cars, and was paid to the Union by Mutual monthly, and has all been paid to the growers. Gilland's object was different. In creating the hold-back he was creating a fund to enable him to finance his jam operations, and the holding of about \$4,000 of the growers' money by Mutual (Vancouver) Ltd. and Pacific Berry Growers Ltd. without their authority, was to say the least, irregular. There is no doubt that part of this hold-back went to repay the Mutual Purchasing Company of Winni-

peg, a portion of the \$11,000 loaned by the Winnipeg house to the Pacific Berry Growers Ltd., for on July 2, 1924, the Mutual (Vancouver) Ltd. handed the Pacific Berry Growers Ltd. cheque for \$1,863.63 on their No. 2 Account, and on July 5, the Pacific Berry Growers Ltd. paid \$2,000 to the Mutual Purchasing Company Ltd., on account of the \$11,000 loan. Gilland in his evidence denies any connection between these two payments. Letters from the Mutual Purchasing Company Ltd. to Mutual (Vancouver) Ltd., dated June 10, 14, 18, 23; July 2, 7, 10, 31, 1924, show an arrangement between Gilland, Snow and Lloyd that 15 cents per crate should be deducted and applied toward repayment of the \$11,000 loan. Gilland states that the purpose of the hold-back was to finance the marketing of the jam and that it will not be paid in full to the growers before March, 1925, when moneys from a \$6,500 shipment of jam to England come in.

The report of Mr. Eric Pepler, barrister, Vancouver, (who took evidence on behalf of your Commissioner) and from whose report most of the above facts are taken, states that there is an entry in Mutual (Vancouver) Ltd. ledger of \$2,000 on July 5, 1923, charged against Pacific Berry Growers Ltd. Mr. Pepler's report then proceeds:—

... The evidence of Snow and Miss Gibson in connection with this \$2,000 advance on the Gilland mortgage was far from satisfactory. Snow said he did not remember any money passing through his hands to Gilland in this connection and could not remember anything about an insurance policy on the plant, although the copies of his letters to Lloyd of June 10, 18, July 10 and 14, and Lloyd's letter in reply (which he could not remember), plainly show that he was in communication with Gilland regarding renewal of the policy and was thoroughly familiar with the subject. When asked if he could remember anything about the mortgage account with the Pacific Berry Growers, he answered he did not, and knew nothing about a mortgage.

Miss Gibson when confronted with the Mortgage Account which she herself had prepared, had no explanation to offer other than that the name "Mortgage Account" was a mistake and said it should be called "Interest Account," and denied any knowledge of a mortgage on Gilland's plant at Mission. She further stated that she did not know anything about the insurance policy on Gilland's plant and when confronted with a copy of a letter from the Mutual (Vancouver) Ltd. to S. P. Lloyd, written by herself, dated June 18, 1924, and headed "*Re Gilland Insurance*," she stated,—"I do not remember a thing about that insurance policy."

As regards the mortgage, when shown a copy of the letter from the Mutual Vancouver to the Mutual Purchasing Company, dated May 23, 1924, and written by herself, headed "*Re Gilland Mortgage*," and in which she refers to the \$2,000 as being a "portion of the principal advanced by us under the above mortgage," and goes into the details regarding the collection of interest, she stated she knew of no mortgage in connection with the \$2,000 advanced, and did not remember writing this letter.

In my opinion the whole evidence of Snow and Miss Gibson in regard to the advance of \$2,000, the mortgage account, and the insurance policy on Gilland's plant at Mission, was an extraordinary mixture of quibbling, prevarication and loss of memory.

The jam manufactured by the Pacific Berry Growers Ltd. and handled by the Nash houses is in competition with the jam of the Berry Growers Co-operative Union of B.C. In 1924 short-weight jam was sold by Pacific Berry Growers Ltd. The report of Mr. Pepler on this aspect of the case is as follows:—

I find that their whole initial output as regards strawberry and other jams was put out about six or eight ounces short of the weight prescribed by the regulations for a standard four-pound tin. The regulations as to the weight and size of jam tins are found in the "Meat and Canned Foods Act, chapter 27 of the Statutes of Canada, 1907," and amendments thereto, and the regulations issued in accordance therewith by Order in Council and published as a supplement to the *Canada Gazette* under date of December 4, 1920. These regulations were brought to the attention of all jam manufacturers by circular letter from the Department of Agriculture, dated January 22, 1922, but the dimensions of the standard four-pound tin were changed in this letter by diagram showing the diameter of the tin as five inches and the height

four and three-quarter inches, whereas the regulations of December 4, 1920, gave the diameter as four and three-quarter inches and the height five inches. The regulations were again brought to the attention of all jam manufacturers by circular letter from the Department on July 15, 1924. I cannot find any excuse for the Pacific Berry Growers putting out jam falsely marked under the Act. Gilland's explanation is that his attention was first called to the matter when Inspector Switzer of the Department of Agriculture of Vancouver, weighed up his jam about the middle of July, 1924, and found it short weight. The Inspector communicated the result of his weighing to the department with the result that the department after correspondence with the Pacific Berry Growers decided that the can which they were using and which was of a new type, was not a standard 4-pound can and authorized them to re-label their cans 3-pounds. 10-ounces net. This was done by placing a small sticker reading "3-pounds 10-ounces" over that part of the label marked "4-pounds" and the labels as re-marked were all approved by the department at Ottawa. Evidence was given by two witnesses acting on instructions from Mr. Grossman, who had instructions to prosecute in the fall of 1924, to the effect that they purchased at two different retail stores in Vancouver two tins each of strawberry jam of the Pacific Berry Growers Limited, marked "four-pounds net weight" which in reality weighed as follows: 57.49 ozs. net, 54.78 56.75, and 56.36 ozs. net. The department ordered the re-labeling of the whole output and all re-labelling was to be done prior to November 20, 1924, when the regulations were amended so as to make this tin a standard 4-pound tin. The Pacific Berry Growers still have a considerable amount of jam in their factory put up in tins which have not been labelled, and there is nothing to prevent them putting out these tins marked "3-lbs. 10-ozs. net" as before, as far as I can see, except the vigilance of the Government's inspector. Gilland explains that the short weight was due to the fact that he turned out a better quality of jam in 1924 than previously by reducing the sugar content from 65 to 50 per cent, and that while the volume remained the same the weight was reduced as the sugar weighs more than the berries. 1924 was also the first year in which he used the vacuum sealed tins, and stated that the new tin, being the same size as before, would not hold any more jam than was actually put in. His evidence shows that not only was the 1924 pack a better quality than in 1923, but it cost more to produce as the new cans cost one cent each more than the old ones and as the berries cost more than the sugar, the less sugar put in, the more berries, and hence a higher price all round. Here, however, an important inconsistency appears in his evidence, for he states that the average price of strawberry jam in 1923 was about \$8 a case, delivered on the prairie, while the average price for 1924 was \$6.65 f.o.b. shipping point, and after making allowance for freight, I cannot help concluding that the opening price in 1924 or \$6.25 per case, was below the cost of production if the jam had been properly packed. It follows that to make a profit, two courses were then open to Gilland—either to raise the price or reduce the contents of the tins; he did not do the former, and apparently chose the latter, as thousands of cases of standard 4-lb. tins were thrown on the market at \$6.25 per case, weighing from six to eight ounces short or over 4-lbs. per case, which represents a minimum profit of 50 cents a case. I cannot help feeling from the evidence that this was what actually occurred. I could find no correspondence or documents in the office of the Robert Forbes Company, Limited, in connection with the output of short weight jam, but the evidence shows that Robert Forbes strenuously took up the cudgels on behalf of the Pacific Berry Growers when complaints were received from prairie jobbers as to the short weight, and in a letter to the Brandon Grocery Company, dated November 4, 1924, he praised the jam and said the objections to it were due to the propaganda spread by "our" competitors in the jam trade. The Pacific Berry Growers made an allowance to all jobbers on the prairie to whom they sold the short weight jam, of 25 cents per case, with the exception of the Révillon Brothers at Edmonton, to whom they allowed 20 cents.

Financial accommodations of a somewhat unusual character were made to Pacific Berry Growers Ltd., by the Robert Forbes Company, in 1924. On September 29, Forbes advanced \$2,000 which was repaid October 14, 1924. On August 21, Forbes sold \$2,913.90 worth of sugar, drawing on Pacific Berry Growers Ltd., at 57 days at 7 per cent. When the draft became due Forbes advanced an additional \$2,400 by cheque on October 21. The draft was then paid and Forbes drew on the company for \$2,900. This draft was returned and part payment only was made. It further appears that on April 25, 1924, Forbes' Company advanced \$3,000 by way of loan.

The Mutual (Vancouver) Ltd. ledger sheets of the account of Pacific Berry Growers Ltd., 1923 and 1924, show several accommodations to that company similar to those from Robert Forbes Limited. These transactions are mentioned as indicating the relationship between Pacific Berry Growers Ltd., and the various companies of the Nash organization, and as a commentary on Gilland's denial above referred to of any financing by other persons.

(c) Dealings with certain Independents:

What was done on the coast was to a certain extent duplicated in the valley. Certain other persons whose operations as independents were, to say the least, not helpful to the Associated Growers of B.C. Ltd., were in close touch with different Nash supervisors. Correspondence on this subject will be found in appendix 8.

(d) Improper returns by independent jobber to growers

"Bootlegging" in the fruit trade as practiced by certain jobbers consists in obtaining fruit from growers who are under contract to deliver their crop to their co-operative organization. The following extracts from correspondence indicates that this was done in 1924 by Plunkett & Savage Limited, Calgary, and that untrue account sales were rendered to the growers, concealing deductions of 10 cents per crate paid to the agent of Plunkett & Savage Limited.

Letter from Matchett to Plunkett & Savage under date of April 4, 1924,—

I wish to connect with a reliable fruit house which is desirous of securing consignment shipments of berries. Can ship a large quantity if desired. Kindly let me know if you are interested and basis you are ready to work on, and oblige.

(Sgd.) E. T. MATCHETT.

Letter from E. T. Matchett to Plunkett & Savage dated April 11, 1924:—

We would want a contract from you to pay us 10 cents per crate for all consignments from the above-mentioned points (Hammond, Haney, Albion and Whonock); contract in the name of the writer as we do not want to get our firm in bad with the Co-op. people. We could secure about 25 shippers and probably many more if you can handle the stuff.

Letter from Matchett to Plunkett & Savage dated June 3rd:—

Owing to many growers being under contract, we have to conceal the identity of some of them. We are giving them all numbers.

Letter from Plunkett & Savage to Matchett June 5th:—

From your letter of June 3, we note that you wish to conceal the identity of certain growers. It would be an easy matter for them to put their numbers on the end of the cases.

Letter from Matchett to Plunkett & Savage dated June 10, 1924:—

The Associations are after us strong. The latest is to start the Fruit Inspector after us on the question of marking under the section of the Fruit Act respecting marking (section 3), which requires firms using numbers to have them approved with the department at Ottawa. We informed him that you had no doubt attended to that matter.

Letter from Matchett to Plunkett & Savage dated June 12, 1924:—

We also call your attention to the fact that you are charging 20 per cent commission on sales and we have told the growers that 17½ per cent was the figure, as per your letter of April 24.

Letter from Plunkett & Savage to Matchett, June 17, 1924:—

We want to be fair with you, and it is just possible we could write every shipper and get these berries direct explaining the 10 cent item you are getting and destroy the whole deal with you.

Letter Plunkett & Savage, Calgary, to Plunkett & Savage and Sutherland, June 4, 1924:—

For your information we can advise you now that the way we are handling these berries is as follows: That at whatever price berries are sold at, we first take off 10 cents per package for Matchett in securing the consignments for us. We then handle the balance on the basis of 17½ per cent.

Telegram from Plunkett & Savage to Van Fleet June 28, 1924:—

Would allow you ten cents a case on all the raspberries and strawberries you secure for shipment from Hammond district beginning Monday. This would first be deducted from sales price and remitted direct to you, not showing same as growers' returns.

(2) ATTITUDE OF COMBINATION TO OTHER JOBBERS

As war, so is business: there are periods of comparative quiet and periods of liveliness. Always one side is preparing for the final struggle.

On July 5, 1924, W. E. Carruthers wrote J. A. Simington as follows:—

July 5, 1924.

Mr. J. A. SIMINGTON,
Winnipeg, Man.

DEAR SIR,—

I just wish that we had reasonable earnings stacked up here for these houses in Calgary this year and I would like to start something as I think that things are very ripe to put a knock-out over very easily. Probably we do not need to invite anything of this nature as the Fruit Dispatch may do it with ease.

Yours truly,

WEC/MA

The jobber-broker group which has control of supply has a powerful weapon. In order that it may give the widest possible distribution to the growers' goods (as the contract with the growers usually provides) it is the duty of the broker in such a group to sell to all jobbers at the same price; for by giving lower prices to its own jobbers it enables them to undersell their competitors, and force them to discontinue buying the commodity so dealt with.

This occurred in Calgary in 1924 on berries. It appears that certain Independent jobbers, in consequence of inability to get fair distribution, were forced to discontinue buying berries from Mutual Brokers Ltd. The matter is more fully treated later under the division of this report dealing with Berries; but that this was no isolated instance will be seen from the following wire from Mutual Brokers, Calgary, to Mutual, Vancouver, instructing the latter company to ship tomatoes to the two Nash houses at 50 cents per crate less than the price charged Burns and Scott.

(Telegram)

MUTUAL VANCOUVER,
Vancouver.

CX CALGARY, ALTA, July 5, 1924.

Have been plugging hard for you George on tomatoes. Increase Burns to ten daily at four, also three boxes cukes daily. Also ship Scott, Calgary, twenty tonight, twenty-five Tuesday, same price. Also Acme fifty daily for next week starting tonight and Mitchell twenty-five daily same dates at three fifty for Acme and Mitchell confirm.

(Sgd.) MUTUAL BROKERS.

How such a discrepancy in price may result in the case of small firms appears from the case of one Weeks, who had a small wholesale house in Edmonton. In March of 1923 Mutual Brokers at Edmonton wrote Snow at Vancouver as follows:—

(House Correspondence)

Mr. GEO. SNOW,
Mutual (Vancouver), Ltd.,
Vancouver, B.C.

EDMONTON, ALTA., March 12, 1923.

DEAR SIR,—I have just had a call from our friend Weeks who operates a small jobbing house in the city here. He was up to see me about the hothouse deal and was wanting to know if we would supply him with tomatoes, rhubarb, etc., when the movement started. I assured him we would look after him.

It is quite possible he will be going to Vancouver about Wednesday, and I told him to call on you and I thought in a few minutes of your valuable time you could explain to him how satisfactory the deal was going to work out to all concerned.

Yours very truly,

MUTUAL BROKERS, LIMITED,

(Sgd.) J. B. LANDER, *Manager*.

JBL/JHD

To this Snow replied:—

VANCOUVER, B.C., March 15, 1923.

Messrs. MUTUAL BROKERS, Ltd.,
Edmonton, Alta.

GENTLEMEN,—We are in receipt of your favour of the 12th with reference to Mr. Weeks. If you will send us this bird's full name and address, we will put him on our circular list.

If he comes along here we will explain the deal to him and see that he is well taken care of.

Yours truly,

MUTUAL (VANCOUVER), LTD.

GHS/p

How well Weeks was taken care of appears from the records of shipments by Vancouver office, which show that he was charged \$1 to \$1.50 more per crate than the Nash and certain other houses. For example the following were the prices per crate at which Mutual (Vancouver) Ltd., invoiced hothouse tomatoes on the following dates:—

Date	Sold to	Address	Number of crates	Price per crate
1923				
May 29.....	Weeks & Co.....	Edmonton....	4	\$7 50
	".....	Camrose.....	1	7 50
	Royal Fruit Co.....	Edmonton....	24	6 00
	Brown Fruit Co.....	Edmonton....	24	6 00
	Red Deer Grocery.....	Red Deer....	10	6 00
July 2.....	Weeks & Co.....	Edmonton....	5	5 50
	Royal Fruit Co.....	Edmonton....	15	4 55

Snow sought to justify these extraordinary premiums on the ground that Weeks was not financially strong. Weeks failed in January, 1924, owing a large sum, but Mutual (Vancouver) Ltd. does not appear among the list of creditors.

Similarly certain others, namely, J. T. Berrington, Langstaff, Ltd., and Macdonald & Co., at Nelson, Moose Jaw and Armstrong respectively were invoiced \$6 per crate f.o.b. Victoria on tomatoes on June 2, 3, and 4, 1924, while Calgary and Edmonton houses were paying \$4 and \$5 respectively f.o.b. Victoria.

Certain other practices have been found which are difficult to classify. For example, the following telegram is illuminating as showing the way in which an agreement to pool certain cars may be operated.

MUTUAL VANCOUVER Ltd.,
Vancouver.

CALGARY, ALTA., July 6, 1923.

If four dollar price is f.o.b. Victoria by all means sell Swifts the car. Then as Hiles has buying of the car for local pool our boys will withdraw support and we can get enough from Hat to slaughter them. Trying to get dope from opposition but they not saying much indicating they propaganda. Hiles working with Sam and hope to advise you by noon. But if car rolls our boys do best possible on it. . . .

(Sgd.) CARRUTHERS.

In 1923 there was a "split" deal in berries; the Nash interests and the Growers Sales Agency Limited, each having its source of supply. About August 8, 1923, the G.S.A. wished to advance the price of blackberries to \$2.50, considering that the drop in supply would warrant this price. Mutual Brokers by that time had no more carlot supply, and would neither profit nor be injured by an advance in price. Nevertheless, apparently to prevent the G.S.A. making good returns to the growers, the following letter was written:—

CALGARY, Aug. 10, 1923.

MUTUAL BROKERS:

Winnipeg,
Regina,
Saskatoon,
Edmonton,
Calgary.

Copy to S. P. Lloyd.

" Wm. Colquhoun.

GENTLEMEN,—Our carload berry business is over, there having been no cars shipped for the last two or three days. Landry phoned up this morning stating that he had had several wires from Doberer asking him to get in touch with me requesting that our shippers withhold shipment of blackberries to a minimum, and they would do the same, and particularly urged Landry to have me agree with him to raise the price on blackberries to \$2.50 to the jobbers.

The above is an indication as to about how much tab they have on what is going on. Of course I have never let on but that we were getting our regular supplies and that cars were rolling East, so I suggest that you keep them in the dark, advising that other sections than yours are taking our supplies. Certainly we do not want them to get more than \$2.10 for their blackberries and if you handle this matter diplomatically they will never wake up to the fact that we are not getting supplies.

We have a shipper at Mission who has been supplying the Alberta houses with a few blacks and if Saskatchewan markets require any I think I can arrange for a small supply, but do not think it would be good business to ship l.c.l. beyond Saskatchewan. At any rate I feel if the opposition want to boost the price that our boys should sit back a day or two and they will soon come across.

Kindly acquaint the boys in your district with the situation so that they will know just how to talk to their opposition regarding supplies and prices.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

(a) *Overages.*

The practice of a brokerage house taking "overages" is widely condemned by the jobbing interests. On January 19, 1923, W. Colquhoun wrote to S. P. Lloyd, financial supervisor for the Nash interests in Canada, as follows:—

Mr. S. P. LLOYD,

Winnipeg.

DEAR SIR,—As you are no doubt aware, the Mutual Brokers of Saskatoon has been incorporated. This is a one-man office, and the question comes up as to signatures on cheques.

As our brokerage offices are in the habit of taking overages that the houses do not know anything about, it would not be feasible to have any of our Saskatoon managers countersign the Mutual Brokers cheques. I have talked this matter over with Mr. Simington, and he suggests that Mr. Parker have signing powers for the Mutual Brokers and that he be bonded for not less than ten thousand dollars.

Would like to have your views of this.

Yours very truly,

WC/MM

By reason of the competition in Edmonton, independent jobbers there agreed to the closing of the office of the Growers Sales Agency Limited, and the handling of all goods through the Mutual Brokers, Edmonton. The question of overages or merchandise earnings at Edmonton is therefore of considerable interest. This matter was broached by Carruthers with respect to a particular deal, and dealt with by Simington as follows:—

June 10, 1924.

Mr. J. A. SIMINGTON,

Winnipeg, Man.

DEAR SIR,—Babe arrived this morning from Edmonton and discussing the C.F.D. deal, I thought we ought to have some plan in regard to the Edmonton office whereby the outside jobbers would not know exactly what deal we had with these people, otherwise it might affect us in some way. Undoubtedly that office will be buying C.F.D. stuff cash California so as to get the maximum earnings, and I thought that the Mutual should handle the records of their office so that only the brokerage earnings would be credited, and the extra fruit earnings on these cars over and above the brokerage could be returned to all the jobbers under a merchandising plan so that the independents would not know exactly what kind of a deal we had.

I feel we could arrange this with Josh if you think advisable. Please let me have your views.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

WEC/MA

June 13, 1924.

Mr. W. E. CARRUTHERS,

Acme Fruit Co., Ltd.,

Calgary, Alta.

GENTLEMEN,—If it is possible for you to arrange so that the C.F.D. get all that business at Edmonton, I hope they will do so.

It would be better if knowledge of our deals with the C.F.D. would not become general among the competing jobbers.

Yours truly,

JAS/DB

(b) *Understanding with Winnipeg Opposition.*

When the Nash interests secured contracts for the handling of the whole of the berry crop in 1924, they raised with their opposition in Winnipeg the question of all parties buying through Mutual Brokers Limited. There had been a certain amount of competition in Winnipeg in 1923, which it was considered

desirable to eliminate as far as possible. The Winnipeg office of the G.S.A. was not closed in 1924, but its business fell off, and the independents participated with the Nash jobbing houses in berry cars handled by Mutual. This policy was not adopted without some difference of opinion among leading Nash officials as to its wisdom. The following correspondence between Mr. H. B. Finch, financial supervisor at Minneapolis of the Nash interests, and Messrs. Simington and Lloyd sets out clearly the alternative policies which lay open at that time; and indicates the direction in which a jobber-broker combine may be expected to move:—

December 19, 1923.

Mr. S. P. LLOYD,
Winnipeg, Man.

DEAR SIR,—On my return from the West I find correspondence regarding your proposal of joining with our Winnipeg competitors in the brokerage business.

I note Mr. Simington is willing to concede 50 per cent of the gross profits a brokerage office might earn on outside business. Personally I would hesitate to make such a concession. Perhaps in the end we might think it advisable to do so but I am of the opinion that a better trade can be made.

Mr. Simington says that the Winnipeg office of the Growers Sales Agency has not made any money, at least for 1923. This being true the jobbers owning that business are probably not valuing it highly. It is altogether likely, I think, that they are more interested in getting together with our interests so that through the jobbing houses a reasonable profit can be made. Their brokerage office is only a side issue, but their jobbing business represents their real life blood.

My idea is to propose that we will divide on cars bought through the Mutual Brokers and stay away from the division of cars bought elsewhere. This means if they give Davidson the business they get a jobbing profit. On outside buying they may or may not have an earning.

My feeling is that we have carried our present policy almost far enough to achieve victory. To weaken and make concessions now is likely in the end to lose for us most of what we hope to gain. Under no circumstances would I change the name of the Mutual Brokers or allow any outsiders to have a stock-holding interest in that business.

I think this whole proposition is quite important, and if it develops to a point where you would like to have me come to Winnipeg, and work on it with you, I shall be glad to do it.

I notice with some concern that you have agreed to a divided car proposal for the next few months. I think that plan a mistake. We have four houses in Winnipeg and surely we can bring in our own supplies and run our own business independently, and that, in my opinion, is what we should do until we can deal with the other fellows on a basis that is certain to be to our advantage.

I realize that probably by dividing cars we are, or will, for a short time, make a little bit more money, perhaps considerably more than to go it alone, but nevertheless in the end the plan of working independently will win out. That it is winning I think is clearly shown by the attitude the other fellows are taking and the anxiety to get together which they are now exhibiting. I am hoping no positive agreement to divide cars has been entered into.

Yours truly,
NASH SHAREHOLDERS COMPANY.

HBf/NB

December 19, 1923.

Mr. J. A. SIMINGTON,
Los Angeles, Cal.

DEAR JIM,—I am enclosing copy of a letter I have written Lloyd. I am believing that with a good part of it you probably will not agree.

It is my feeling that the other fellows need us a good deal more than we need them. Our position is growing stronger, and theirs weaker. If this is true, then it doesn't appear as if now is the time to make concessions. Probably we paid quite a price to obtain the position we now hold, and I think we should try to benefit from it.

It seems from Lloyd's letter to you that they have already agreed upon a division arrangement to apply for the next four months, and if that is true, then I don't think there will probably be any negotiations on the brokerage business during that period. The division arrangement will get the other fellows out of their trouble and there is no reason for them then to be worried.

Yours truly,

(Sgd.) H.B.F.

HBF/NB

Mr. J. A. SIMINGTON,
Los Angeles, Cal.

January 2, 1924.

DEAR JIM,—Your letter of December 27, regarding the brokerage situation in Winnipeg.

I agree with you that with our large business in Winnipeg we are now more interested than heretofore in having the market in good condition. The point that I cannot see, and the one I have been discussing with Mr. Lloyd, is how a change in the brokerage situation up there will bring the desired results.

I believe the matter of profits is in the hands of the jobbers, that if the brokerage situation is having anything to do with it, it is only through and by permission of the jobbers, the only owners of the businesses. If the Growers' Sales people are selling to the small jobbers, and in that way building up competition for themselves, they should stop. I cannot see that by supplying through two brokerage offices must necessarily affect the selling policy, except and unless such buying results in too much merchandise being brought into the market, and this, as I understand, is not the case, at least it should not be, because the two factions have plenty of capacity each to handle supplies in car lots. If all of these jobbers should participate in the same cars, it would get back to the old proposition of the market not receiving sufficient supplies with the resulting high prices and the growth, as we had it before, under that system, of a lot of small fellows who in the end would tip over the whole proposition.

Yours truly,

NASH SHAREHOLDERS COMPANY.

HBF/NB

Under the arrangement made for 1924, the gross berry profits of four typical jobbing houses rose from 9.88 per cent to the highly profitable figure of 15.6 per cent on sales.

(c) *Price Agreements:*

This increase in profits was made possible by understandings on price. It was the practice in 1924 of Mr. Emery of Bright Emery Company, Ltd., who handled all the berries for Mutual Brokers, Winnipeg, to notify the other six participating jobbers of the price at which the berries should be sold. As supplies into Winnipeg were carefully regulated, the supply being about one car a day, there was usually no great difficulty in obtaining the price indicated, and so no necessity to cut prices.

The letter of W. Colquhoun to J. A. Simington, dated September 20, 1923, already quoted, indicates that price agreements and understandings were general in Saskatchewan. The same situation existed in the other provinces. On July 16, 1923, Colquhoun wrote Simington telling him that P. Burns & Company had sold raspberries to country points at only 50 cents a case profit. The agreed profit had been 75 cents. It appears from this letter that Colquhoun threatened Burns & Company with competition on all lines unless the understanding was kept:

Mr. J. A. SIMINGTON,
Minneapolis, Minn.

July 16, 1923.

DEAR SIR,—I have your letter regarding gross profit on berries in Regina. There is no doubt that Regina has been selling berries on less profit than any other market in Saskatchewan, and to my mind, there is no reason why they should do so. As requested, I will talk this matter over with our managers, here, and have them write you.

While on this subject, we yesterday found out that P. Burns & Company had confirmed raspberries to the country on a 50 cents per case profit. This of course was absolutely contrary to your arrangement with Mr. John Burns. I immediately got in touch with Mr. Carruthers and told him that unless John Burns asserted his authority and brought his Regina house into line, that this market would blow up on all lines. Late last night a wire came in from John Burns stating that their Regina house had taken this action without his authority and that he was wiring his supervisor, Mr. Darby, to get in touch with me immediately with a view to getting the matter straightened out. We intend holding a meeting sometime to-day and will no doubt be able to bring these people in line. . . .

Mr. Darby, their supervisor, has been there for the past three weeks getting the new man started, and I imagine that he has come to the conclusion that in order to get some business they have to do some price cutting. Our boys have been complaining about this very bitterly for the past two weeks and when this raspberry situation came up yesterday, I immediately got in touch with Mr. Darby and told him very plainly that unless he decided to change his tactics, that we would throw the market open and let the best man get the business. He seems very anxious to avoid any such action and requested me to call a meeting to-day with a view to having a better understanding all round.

Will write you later how we get along.

Yours very truly,

C/S

(Sgd.) W. COLQUHOUN.

The two following letters written by J. A. Simington show that the Nash houses were instructed to take a profit of 75 cents a crate on country business.

July 11, 1923.

Mr. Wm. COLQUHOUN,
Regina, Sask.

DEAR SIR,—I have been looking over the Jumbo reports and am particularly interested in the gross profit our houses are making on the berry deal.

I was terribly disappointed to see that Lloyd Fruit Co, grossed 12.4. I haven't the report of Stockton & Mallinson, but I imagine their gross will run about the same. Saskatoon houses exceed 15 per cent. Crown Grocery had over 18 per cent. I think Regina sold their berries on a margin unnecessarily small. Our competitors were short of goods most of the time, and I don't think there was any reason why the arrangement I made with our competitors in Calgary should not have been carried out; namely, that the profit in the city should be 50 cents a case, and in the country 75 cents a case.

I wish you would talk this over with the Regina boys and I would like to have them write me about this.

Very truly yours,

NASH SHAREHOLDERS COMPANY,

JAS/AB

(Sgd.) J. A. SIMINGTON.

July 11, 1923.

NASH SIMINGTON Co.,
Melville, Sask.

GENTLEMEN,—

Your gross profit for the month does not seem to be as great as is possible. I notice on berries your gross is 12.5. North Battleford, a territory much more exposed to competition, grossed for the month 18.3. Our Saskatoon houses east of you grossed around 15 per cent. You owned your berries at practically the same prices as Saskatoon, Regina and other jobbers that surround you, and I cannot see a reason why any of your berries should have been sold at less than 75 cents a case profit. It would cost Winnipeg, Brandon, Regina or any of the other competitive jobbing points 35 to 50 cents to deliver a case of berries at Melville, so you must have your market almost entirely to yourself. I will be interested to know why your gross for the month on berries was so low.

Very truly yours,

NASH SHAREHOLDERS COMPANY.

JAS/AB

In 1924 with a monopoly of supply there were profit-taking meetings of the jobbers in Alberta and Saskatchewan. On June 9, 1924, W. E. Carruthers wrote as follows:—

BROWN FRUIT Co.,
ROYAL FRUIT Co.,
Edmonton, Alta.

June 9, 1924.

GENTLEMEN,—I am quoting you below a few paragraphs from a letter received this morning from Mr. Colquhoun, showing that the get-together spirit is working pretty well in Saskatchewan.

"We have had GET TOGETHER meetings with our competitors, both in Saskatoon and Regina. They promised to give us 100 per cent support on the Berry Deal and Hothouse Tomato Deal. We are taking them in on the Cantaloupe Deal and are allowing them to buy one car in four. We have also taken them in on the California Deciduous Deal, and we are going to do the buying. A split on a percentage basis was made at both Saskatoon and Regina. This means the opposition will have to take their share of the berries, lose, win or draw. This split arrangement also applies to all other commodities that we buy together.

"Our deal was made with the distinct understanding that they would not supply MacDonald-Crawford, Ltd., at any point.

"If we can hold the boys together it surely will mean a big difference to our earnings for the balance of the season."

When we decided to go into the Edmonton deal it was with a view to making some money, and I hope that you boys will go the limit in co-operating with your competitors in that you will also encourage a reasonable profit on the commodities you are handling. We are working together now in practically all markets in Alberta and it seems to me we have quite a responsibility in maintaining these markets on a good margin and I hope that you boys will go all the way.

Yours truly,

WEC/MA

(Sgd.) W. E. CARRUTHERS.

The following letters are also quoted as illustrating in a small way what previously quoted correspondence shows was arranged on a large scale:—

June 19, 1924.

Mr. WM. COLQUHOUN,
Mutual Brokers of Regina,
Regina, Sask.

DEAR SIR,—In the past, the territory between here and Lloydminster has been very highly competitive and all kinds of prices from Edmonton. We understand that Edmonton are working together now and if this is the case we would like to have the same prices on this territory as Edmonton. We think that they should agree to mail us their price list and we could sell at the same prices, taking into account the difference in freight.

We have not taken this up with our houses at Edmonton. Shall we do this or would it be better for you to handle it?

Yours very truly,

CROWN GROCERY COMPANY, LTD.

(Sgd.) R. D. MUNKLEY, *Manager*.

REGINA, SASK., June 23, 1924.

Mr. W. E. CARRUTHERS,
Calgary, Alta.

DEAR SIR,—Attached find copy of letter received from R. D. Munkley of the Crown Grocery Company.

Will you be good enough to take this matter up with the Edmonton jobbers on your next visit there. There should be no objection on the part of the Edmonton Jobbers to exchange prices with the Crown Grocery Co., and if possible come to some mutual understanding regarding prices on the territory where they conflict.

Yours truly,

(Sgd.) WM. COLQUHOUN.

WC/P-Encl

June 23, 1924.

CROWN GROCERY Co.,
North Battleford, Sask.

GENTLEMEN,—Have your letter of June 19, regarding prices on the Edmonton territory.

I am forwarding copy of your letter to W. E. Carruthers with the request that he take this matter up with Edmonton houses the first time he is at that point.

Personally, I think they should be perfectly willing to enter into a price arrangement with you.

Yours truly,

(Sgd.) W. COLQUHOUN.

WC/P

The question whether 50 and 75 cents are fair profits for city and country distribution is an important one. Your Commissioner may say at once, that having examined city and country selling costs, he is of opinion that the differential in favour of country business cannot be justified on the ground of a greater cost of doing business. It has been taken in the past because, due to lack of competition, the country consumer can be made to pay more than the city consumer.

It is true that Mr. J. A. Grant, B.C. Markets Commissioner, was induced to consent to the 25 cents differential, but he did so on the statement made to him by Mr. Carruthers and others that the differential was justified by the increased cost of country business. In testing this statement, your Commissioner examined Mr. Carruthers and others, pressing them for details. The following were given:—

- (a) increased cost of salesmen;
- (b) higher telephone and telegraph charges;
- (c) increased cost of cartage and delivery;
- (d) shrinkage due to berries going bad;
- (e) rebates and allowances.

The following table is a sufficient commentary on the statement of Mr. Carruthers. In it yearly figures for four city jobbing houses have been compared with corresponding figures for the same number of country houses. These show that the items referred to do not justify the giving of any such differential. The percentages are based on sales.

TABLE OF COMPARATIVE COSTS IN CITY AND COUNTRY JOBBING HOUSES

Jobbing House	% Cost of Salesmen	% Telegraph	% Telephones	% Cartage and Delivery	% Shrink Berries	% Rebates and Allowances
City Houses						
A.....	4.9	.125	.28	.78	.2	.556
B.....	5.8	.061	.44	1.64	None shown	.561
C.....	3.65	.162	.624	1.168	None shown	.485
D.....	3.58	.103	.289	1.649	None shown	.85
Totals.....	4.48	.113	.408	1.309	.2	.513
Country Houses						
E.....	3.03	.143	.401	.915	None shown	.675
F.....	2.86	.107	.166	.453	None shown	.386
G.....	4.35	.033	.356	1.32	.29	.575
H.....	3.98	.1	.537	.86	1.34	.705
Totals.....	3.55	.096	.365	.887	.81	.59

The question then remains whether 50 cents or 75 cents throughout the Canadian season are fair profits. The answer will depend on three factors: (a) The average selling price to the retail trade; (b) The jobbers' cost of doing business; (c) The rate of turn-over of money employed.

(a) The average selling price of Canadian berries in 1923 to the retail trade in Winnipeg was under \$2.90 per crate.

(b) The jobbers' cost of doing business varies with different houses, and with the season. In the berry season the range is from 8 per cent to 11 per cent on sales with an average of about 10 per cent. For the year round the figure is higher, varying from 9.5 per cent to 13 per cent in well run businesses. It has been found that the average cost of doing business the year round in 24 businesses, several of which were by no means on a sound financial basis, was 12.9 per cent.

(c) The rate or velocity of turnover of the money employed is about six times a week, for as berries are a perishable product the aim is to clear the floor each morning.

The Canadian berry season lasts approximately ten weeks. A net profit of 1 per cent on sales for a period of ten weeks during which the money employed turns over six times per week, will give a net profit of $6 \times 10 \times 1 = 60$ per cent on the money employed, which is a good return, even for the fruit business.

The next question is which cost-of-doing-business figure should be taken. If the berry season average figure of 10 per cent be taken, and the intention be to obtain a net seasonal profit of 60 per cent on the money employed, the average profit to be taken on each crate, assuming \$3 to be the seasonal average selling price to the retailer will be;

$$11/100 \times \$3 = 33 \text{ cents per crate.}$$

If, however, the year round cost of doing business figure of 12.9 per cent or 13 per cent be taken, the average profit to be taken will be;

$$14/100 \times \$3 = 42 \text{ cents per crate.}$$

At this rate economically run companies will make very substantial profits, for a company whose cost of doing business is 11 per cent will make a net profit on the season on each \$100 employed of $3 \times 6 \times 10 = 180$ per cent.

From the above it appears that an average of 50 cents per crate, where the average price to the retailer is \$3, should be a maximum profit on berries. When the average price to the retailer is less, the average profit should also be less. There can be no justification for 75 cents.

The matter may be tested in another way. In 1923 in Winnipeg there was qualified competition in berries, by which is meant that prices were discussed at the weekly meetings of the Winnipeg Jobbers' Association, but that prices were not always adhered to. The average per cent profit of four typical jobbing houses in Winnipeg was 9.88 per cent on sales. On an average price of \$3 this would mean an average profit of less than 30 cents per crate. Had the average selling price in Winnipeg in 1923 been \$3.50; the jobbers at the same rate of profit would have averaged about 35 cents a crate; while it would have required a seasonal average selling price to the retailer of \$5 to have given the jobbers an average of 50 cents a crate.

Everything points to the conclusion that an average of 50 cents per crate should be the maximum fair profit. The difficulty is that once the regulating factor of competition is removed and the realm of co-operation is entered, arguments more or less sound can be advanced to justify almost any profit.

3. ATTITUDE OF JOBBER-BROKER COMBINATION TO CONSUMERS

It is to the interest of any jobber to obtain his goods at the lowest price from the grower; and to sell to the retailer at the highest price. The interests of a large group of jobbers such as a jobber-jobber combine are precisely the same, although the power of such a combination to purchase at a low price and to control distribution increases with an increase in membership, and a strategic disposition of its houses.

The addition of a broker to the jobber-jobber combine increases its control over supply but it in no way alters the attitude of the combine to the consumer. The interest of the combine remains the same, namely so to regulate supply as to obtain the maximum possible profit consistent with a reasonable volume of distribution.

It is obvious that the jobber-broker combination may at times pursue a policy different from that which the grower might pursue, had he access by his own broker to the markets. For there may well be times when the grower with a large crop to market may consider it policy by lowering prices to stimulate demand, thus causing berries to be absorbed in prairie consumption rather than in jam or canning. Moreover in confining supply to certain channels the jobber-broker combine may often restrict distribution. There is evidence that in 1924 Winnipeg could have absorbed more berries than were distributed.

Apart, however, from cases such as these, the problem mainly concerns the producer and the middleman. It may be conceded that both these parties are interested in finding a price which will move into consumption the maximum profitable quantity. The struggle is between the combine and the grower as to what percentage each is to take of the price, which a regulated play of supply and demand makes possible.

D. SPECIFIC MATTERS

1. EDMONTON SITUATION

For some time prior to the spring of 1924, Edmonton had been a highly competitive market, certain houses operating at a loss, and few making money. There were two pools, one consisting of the four independents,—Scott Fruit Company Ltd., Plunkett, Savage & Sutherland Ltd., P. Burns & Company, Ltd., Victoria Fruit Company, Ltd., and the other consisting of the two Nash houses;—Brown Fruit Company, Ltd., and Royal Fruit Company, Ltd. Whether this regime of competition had been brought about as a matter of policy, or whether it flowed from the existence of two pools in a market the size of Edmonton is not important. Various suggestions had from time to time been made to improve the situation. In the spring of 1924 a proposal for a joint pooling arrangement was made and on April 12, 1924, Simington wrote Carruthers:—

Mr. W. E. CARRUTHERS,
Acme Fruit Co., Ltd.,
Calgary, Alta.

April 12, 1924.

DEAR SIR,—I was very much interested in Syverson's personal letter deal. I think he analyzed the Edmonton situation perfectly.

I have talked it over here with Colquhoun and Lloyd, and they both feel as I do, that we should have no pooling arrangements with the other jobbers in the Edmonton market. We have tried it several times and on the whole have done worse when we were dealing with them than when we were working alone.

I think Syverson should be told to go ahead and operate as Brown does. I do not think Brown uses the rule book, and I believe that that is the only plan to follow in that market.

We will have a meeting here next month at which Mr. Finch and Mr. Nash will be present, and I don't think our policy should change in Edmonton until it has been thoroughly threshed out by the meeting that will be held there.

Yours truly,

(Sgd.) J. A. SIMINGTON.

JAS/DB

The proposal was not dropped, and ultimately developed into an arrangement involving the closing of the Growers' Sales Agency Limited, in Edmonton, and the formation of a pool of six supplied by the Mutual Brokers Limited of Edmonton.

The following letter from Carruthers to Simington dated April 30, 1924, gives the advantages from the Nash point of view of the move.

The pool of six so constituted unquestionably limited competition, and gave the Nash houses much more effective control over their opposition. The possibility of the break-up of the Growers' Sales Agency Limited, and of the organized independents, by causing a breach in their ranks at this point, was not overlooked.

April 30, 1924.

Mr. J. A. SIMINGTON,
P.O. Box 1628,
Winnipeg, Man.

DEAR SIR,—Have been discussing the Edmonton situation pro and con with Stockton for some time and especially the last couple of weeks. He had been pressing the matter ever since the meeting we held in Calgary with he and McKelvie, and to-day he called me up and came over to put up the following proposition. He proposes that the Victoria, Plunkett & Savage and Scott of Edmonton withdraw from the G.S.A. and come in with us and put Josh Pierre in as manager of the Mutual Brokers, Edmonton. The G.S.A. contract with Josh is on a monthly basis; they pay him \$300 per month plus 10 per cent of the net earnings. Josh would bring along with him to the Mutual Brokers his grocery accounts and the earnings from the grocery accounts would go along with the earnings of the Mutual Brokers on fruit. Herb says that when they hired Josh he came with them on that basis and stated that his earnings on groceries should amount to as much as the salary, namely \$300 a month they would pay him. He has just been with them approximately a year and Herb states Josh's earnings on his grocery accounts have approximately equalled the amount they have paid him in salary.

Herb apparently is through with John Burns for as you will note he has left Burns of Edmonton out of the deal. He states that John double-crossed him when the amalgamation was to have taken place in Edmonton and advised me that while he was friendly to you last season on our negotiations that everybody else but John Burns was favourable to the deal you put up and from the experience we also have had with John I am quite satisfied that what Herb states is correct.

The idea, of course, was that the five houses under this plan would be into a pool and if they thought advisable could take the Burns' house in on the pool arrangement and if they did not behave themselves they would kick them out.

I suggested to Herb that whereas these three houses withdrew from the G.S.A. it might not mean that the G.S.A. office would close. He said no; that he could not guarantee that for the simple reason that the G.S.A. was one company with headquarters at Winnipeg and branches at the different points, but pointed out that when those three houses left and Josh, there would be nothing left which, of course, is the case. Herb stated that there was no question of the other offices holding open the Edmonton office to take care of the P. Burns business.

This proposition has had the O.K. of Stockton, Sutherland, MacKelyie and Josh, but Herb stated he had no intention of taking it up with Sam nor John Burns for if the latter knew that this brew was being cooked he would immediately go to Edmonton and try to break it up. He also stated that Sam seemed to be the only man who stuck to Burns and for the life of him he could not understand the reason why. Herb stated definitely that Sutherland stated he had authority to act for his company so apparently there is nothing in the way of this deal being put through.

Herb questioned me regarding the method of handling the office, stating that if we entered into the deal he would like to have all cards on the table and when I asked him what he meant he stated that in the olden days we used to have double brokerage and if there were any such accounts he would expect the Edmonton office to be treated the same as any other Mutual office. I, of course, advised him that there was nothing of that sort that I could think of which condition was no doubt brought about by keen competition or they were either better men to solicit business in the olden days. I assured him, of course, as far as we were concerned if we entered into the deal everything would be put on the table.

I also discussed the Camrose situation and he frankly stated that as far as he was concerned Camrose would get a square deal from his house and he felt that he could speak for the other members that we would line up on an agreement with Camrose.

I suggested to Herb that whereas they were in a way giving up their business they were coming with us knowing that we had some pretty good deals this year and particularly referred to the berry deal. Herb thought that it would be worth considerable to us to have their solid support not only from a brokerage standpoint but good backing to put the berry deal over. Just here I had in mind that if this deal went through there would be no reason why my salary could not be charged up against the deal and proportioned to all offices.

I have discussed this matter with Morgan and he thinks it is a fair deal and personally I cannot see very much the matter with it. Browne has always had a good deal of confidence in Josh Pierre and I believe Josh is the only man whom we could select who would be satisfactory to everyone. I have not discussed the matter with Jack as it was my intention to be in Edmonton to-morrow.

It would relieve Babe who could take charge of the Regina office and we could transfer Smith to the Toronto office. Looking at the deal all round seems to me we ought to profit not only in a brokerage way but in a jobbing way for both Edmonton and Camrose. With these five houses working together under the same brokerage arrangement it ought to create a splendid feeling among the jobbers and if Burns were excluded he would not be able to get a supply of stuff and if he did bring it on seems to me he would take an awful trimming.

The G.S.A. might refuse to turn over any accounts they had in Edmonton to the Mutual, but even though through the Winnipeg office they tried to head off it is undoubtedly in a short time they could be secured for this office as otherwise the shippers they represented would lose out entirely.

I advised Herb that if the three houses came in with us we would certainly have to have an agreement with them to give the Mutual staunch support and that the deal should be lined up for a definite length of time. Herb stated that that was alright with him, and we could make the deal a long one or a short one as if it did not work out satisfactory after a fair trial there would be no use in continuing it.

There are a lot of small details, of course, that we would think of which would come up from time to time, which possibly I may not have covered, but I am satisfied with their attitude and coming flat-footed with a proposition of that kind that they are certainly anxious for a line-up. Hal suggested that possibly Herb was looking farther afield than the others, being in a position to size up the future and the possibility of the G.S.A. going to pieces and would prefer to come in under this plan now than that later the entire G.S.A. should disband.

I suggested that if Burns found that he was left out he might withdraw from the G.S.A. at other points. Herb said that if he did in all probability the G.S.A. would break up.

You should get this letter Friday morning and I wish you would wire me what you think of it. The feature of retaining the name of the Mutual I know would appeal to yourself and Harry as it appeals to me, and if we decide to go ahead on this, no doubt we can arrange a date when you can meet us in Edmonton to get down to details.

Had a letter from Ole to-day when he states that things are pretty rough there this month. Expect to be in Edmonton to-morrow, Camrose Friday.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

WEC/MA

Reference has already been made to overages made by Mutual Brokers, Edmonton.

The question of brokerage on the berries supplied by R. B. Staples was dealt with by Carruthers in the following letter:—

June 12, 1924.

Mr. R. B. STAPLES,
Creston, B.C.

DEAR SIR,—You are no doubt aware of the new arrangement at Edmonton whereby the G.S.A. closed their office and their jobbing houses are affiliated with the Mutual under the management of Josh Pierre. Babe Lander is now with Mr. Morgan.

Mr. Brown makes the suggestion that in as much as no doubt the Independent jobbers of Edmonton will be receiving gooseberries, currants, cherries, etc., on consignment, that instead of shipping these items to the Mutual, Edmonton, as was the practice in former years, you divide such shipments and make them direct to the Brown and Royal.

Think Jack felt that if they were shipped to the Mutual Mr. Pierre would be obliged to divide them equally among all jobbers and in as much as the Independent jobbers always canvass for this sort of stuff themselves and our houses do not, it would be the better policy to ship direct to our houses and thus not put Mr. Pierre in an awkward position. I presume you could handle in this way just as well and protect Edmonton office for their brokerage.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

WEC/MA

The office of the Growers Sales Agency Ltd., in Edmonton was closed about June 1, 1924. The result was most marked as will be seen by the following figures for two houses for the years 1923 and 1924:—

COMPANY "A"

Year	Gross Profitable Sales	Net Profit	Net Loss
1923.....	\$ 440,000	\$	\$ 12,900
1924.....	435,000	5,300	
Net Gain.....		18,200	

COMPANY "B"

Year	Gross Profitable Sales	Net Profit	Net Loss
1923.....	\$ 450,000	\$ 4,300	\$
1924.....	485,000	13,800	
Net Gain.....	35,000	9,800	

This represents a net gain in profit for the two companies for part of the year 1924 since the accord was reached, of \$28,000; and shows what gains can be made by the elimination of competition; and the installation of one brokerage company. Under this regime one house in Edmonton made berry profits in July and August of 18.2 per cent and 20.12 per cent respectively. Such profits are most unfair to the grower, and reflect adversely on the prices at which the broker sold berries to the jobber.

2. THE 1924 RHUBARB DEAL

Among the shippers of B.C. rhubarb are the Dewdney Rhubarb Association, E. M. Handy of Dewdney, The Fruit and Mercantile Exchange of Hatzie, Mission and Salmon Arm, and the Central Fruit Distributors at Mission. The Dewdney Rhubarb Association was organized in 1922 by the local rhubarb growers with the object of marketing their rhubarb by carload shipments to the prairies, as the high express rates almost prohibited l.c.l. shipments to prairie points. Both the G.S.A. and Mutual submitted tenders for the marketing of this Association's 1924 crop; the Mutual at a straight 5 per cent commission and the G.S.A. at 10 cents per box l.c.l.s. and \$25 per car on carload shipments. The latter's tender was accepted but they were unable to market the cars loaded.

In this predicament the deal was offered to Snow of the Mutual, Vancouver. There was no contract in writing, but there was a telephone con-

versation between Snow and Boyes of the Association in which Snow stated that he would handle the deal. On April 13th, Snow wired Carruthers:—

Boyes, Secretary Dewdney Rhubarb Association, phoned Sunday asking us to take over rhubarb crop as Growers' Sales had fallen down on first car. Understand they were to purchase crop f.o.b. Dewdney. They have advised Boyes cannot handle. Growers have car now loaded and will be loading car daily for next week. We told Boyes would only handle on straight consignment but would wire you for instructions. Please wire early Monday. We promised phone Boyes ten o'clock Monday morning. Have not wired other points so do not know market conditions. This our chance wipe out Swifts on Coast.

Carruthers immediately wired Colquhoun at Regina, quoting Snow's wire, and then proceeding:—

What is your opinion of probable amount could be marketed your territory? We would of course endeavour pin them down to ship only cars we would order out and these to be consigned to our brokers who would sell to best advantage. Understand Gilland and Simpson will have five or six cars which we have to handle, and would also be expected handle quite a good percentage association cars if we take it on. They anticipate twenty cars, possibly few more. They would probably ship it any way if we don't handle it, but competitors would possibly get as many cars as we would. Don't think we would get much support from the other gang. They would probably try to knock us over with Walla Walla, but couldn't do much against us with B.C. cars consignment.

To this Colquhoun replied:—

..... Think we should take on Dewdney rhubarb deal provided we get it on a straight consignment basis and we have complete control over all carload shipments (Stop) Saskatchewan should be good for three cars immediately.

The Walla Walla Rhubarb is the chief competitor with B.C. on the prairie markets until the local rhubarb is ready. On April 28, 1924, Carruthers wrote to Colquhoun:—

Might say we have been bringing in our rhubarb to Alberta ventilated which makes a saving of 10 cents to 15 cents per box. On going into the laid down cost of Walla Walla rhubarb as compared with B.C., I find that it works out as follows, based on invoice, 80 cents f.o.b. Walla Walla:—

Regina: invoice, 80 cents; freight, 55 cents; duty, 25 cents; premium, 1 cent; ice, 15 cents (\$1.76).

Saskatoon: invoice, 80 cents; freight, 62 cents; duty, 25 cents; premium, 1 cent; ice, 15 cents (\$1.83).

From British Columbia to Regina, the freight would be 35 cents a box, which would mean an f.o.b. B.C. price of \$1.41, and for Saskatoon, the freight is 33 cents a box from B.C. would mean an f.o.b. basis of \$1.50. This is figured on B.C. rhubarb rolling under ventilation, but if ice were used your f.o.b. price Regina would be 11 cents less or \$1.30, and Saskatoon 11 cents less or \$1.39.

The minimum carload now from Walla Walla is 24,000, same as B.C. We have been unable to get any spinach or asparagus to amount to anything and there is no leaf lettuce in Walla Walla, so in view of the above facts, Bill, I think your markets should have no difficulty in paying George, say, \$1.20 for Regina and \$1.25 for Saskatoon. George would not kick even if you were a nickel or two cents under this which would give your boys quite a leeway.

The following table shows Walla Walla quotations on different dates. From these have been calculated the price of Walla Walla rhubarb laid down on the Calgary market:—

1924	F.O.B.	Freight	Premium	Duty 30%	Ice	Cost
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
April 16.....	1 00	0 43	0 01	0 30	0 15	1 89
" 18.....	0 90	0 43	0 01	0 27	0 15	1 76
" 21.....	0 90	0 43	0 01	0 27	0 15	1 76
" 23.....	0 85	0 43	0 01	0 25½	0 15	1 69½
May 3.....	0 85	0 43	0 01	0 25½	0 15	1 69½
" 12.....	1 00	0 43	0 01	0 30	0 15	1 89
" 23.....	1 00	0 43	0 01	0 30	0 15	1 89
" 26.....	0 90	0 43	0 01	0 27	0 15	1 76
June 2.....	0 90	0 43	0 01	0 27	0 15	1 76

From this table can be deduced the competitive price which British Columbia rhubarb could have obtained in Calgary. The freight charge from British Columbia to Calgary works out at about 30 cents per box which, with icing at 15 cents, makes an addition of 45 cents to the f.o.b. price. It follows that a price of about \$1.30 Dewdney could have been given during most of the season on iced cars, notwithstanding competition from Walla Walla. Further, on ventilated cars even better prices could in some cases have been paid.

British Columbia rhubarb had other advantages which should have enabled good returns to be made. Its colour is more attractive than that from Walla Walla; and its quality in 1924 was better. There was moreover a shortage of British Columbia rhubarb. On May 2 and May 26, Snow wrote Mutual Brokers, Calgary, as follows:—

Re Rhubarb Cars

With reference to car of rhubarb for Medicine Hat this will be the next car shipped from Mission, and we will get it out as quickly as possible, though we are positive it will not leave on Monday. Rhubarb is very short and scarce, in fact so short and so scarce that we have a car of Walla Walla Barb rolling, which will leave here on Tuesday. This last statement should be sufficient to convince your trade that rhubarb is really short here.

Re Rhubarb Deal

The writer is under the impression that we will be glad to have this rhubarb again next year as on account of the quality of the rhubarb shipped to this market by Walla Walla it means that never again will Walla Walla rhubarb be brought here. It is possible that they used a lighter box and put the bulge on it but we weighed them here with local stuff and we were able to get 25 cents more for the Mission rhubarb than for the Walla Walla. When we were returning the Association Growers' \$1.15 Fee was offering them \$1.25 net cash. You will appreciate our position under the above circumstances.

In spite of these advantages the returns made by Mutual to the growers were considerably lower than they should have been; and lower than other British Columbia Growers, who did not deal through Mutual, obtained. In only one case was \$1.25 received; while the average return to the Dewdney Association was \$1.07 per box. The reason was two-fold; Mutual (Vancouver) withheld part of the purchase price, concealing this practice by false returns; while the rhubarb was given to the jobbers at prices which enabled them to make unduly high profits.

In Calgary the gross profit of the Acme Fruit Company varied from 12.5 per cent to 34.3 per cent on sales with an average for the rhubarb season of 22.8 per cent when both purchased and consigned l.c.l. lots are taken into account. On some consigned shipments Acme was even allowed by Mutual, Calgary, to take 20 per cent. The usual maximum rate of commission is 15 per cent. In the case of the Mitchell Company the one carlot received showed a gross profit on sales of 24.4 per cent, the consignment rate being 15 per cent throughout. In Regina on the cars examined the percentage ran from 5.6 to 26.1, the average being about 22 per cent.

This was not all; for as has been indicated above Mutual (Vancouver) Ltd., did not render true account sales as it was by law required to do. (See Appendix 3 "Duties of Agent"). It began by concealing from the Growers a bad return made on car 280632 to Winnipeg. This was the first Dewdney car handled by Mutual (Vancouver) Ltd. On April 24, 1924, Mutual, Winnipeg, wired Carruthers as follows:—

.....Think your suggestion consign Dewdney rhubarb alright and without your holding us down should be able handle couple cars week ourselves, and probably more if this gang come with us.Could use car rhubarb out to-morrow or Wednesday. Necessary we get complete control shipments. Answer.

This was transmitted to Snow who wired Winnipeg April 15, as follows:—

Shipping your car rhubarb to-night from Mission, wide open.

Mutual, Winnipeg, delivered this rhubarb to the four Nash jobbers on consignment.

According to Account Sales rendered to Mutual (Vancouver) Ltd., by Mutual, Winnipeg, the sales by the Jobbers amounted to \$634.45, from which was deducted the following: a jobbers' commission of 15 per cent amounting to \$95.19; \$225.32 for freight and detention charges; \$25 for brokerage and a further \$15 as a distribution charge, leaving only \$273.94 to be remitted to Vancouver. Snow, in order to conceal what had happened at Winnipeg, increased this amount to \$475, advising Carruthers on May 12, 1924, as follows:—

Re Car Rhubarb C.P. 280632—Winnipeg

We are enclosing herewith Account Sales received from Winnipeg for your perusal. You will note that in addition to brokerage of \$25 they have charged \$15 for distribution. Don't you think that this is most unfair to start with, to say nothing about the nerve of taking \$15 when making such wretched returns. Our understanding was that when we paid \$25 it was to cover such cases as this—where they had to distribute the car. We had sense enough not to send these returns to the Grower, but paid them on the basis of \$1 shipping point, but we are picking off each car shipped between seven and ten cents per case until we get this money back. This may not be according to Hoyle, but it is the easiest way out. Think of the row there would be all next winter about this Winnipeg car if we had sent in returns as they were received from Winnipeg.

The way in which the amount overpaid was recovered appears from the following:—

Car C.P. 282882 containing 586 boxes was invoiced to Mutual Brokers, Calgary, June 4, 1924, at \$1.40 Mission, or \$820.40. But the Account Sales to Dewdney Association read:—

ACCOUNTS SALES RENDERED BY THE MUTUAL (VANCOUVER) LIMITED

Car No. C.P. 282882
Lot No. 699
Received June 4, 1924;

VANCOUVER, June 11, 1924.

Sold for Acct. of Dewdney Rhubarb & Vegetable Association,
Dewdney, B.C.

Quantity	Items		Amount	Amount	Total
586 Boxes.....	Rhubarb...	586	1 20	703 20	
		Commission..	35 61	703 20	
		Net proceeds.		35 61	
				668 04	
			Chk. No.	1957.	

Thus Mutual (Vancouver) Ltd., concealed a retainer of \$107.20 (being \$820.40 less \$703.20). In this way on 17 Dewdney cars Mutual (Vancouver) Ltd., both reimbursed itself for the monies over-paid on car 280632 and took further overages amounting to \$401.44.

Snow has endeavoured in a letter to his solicitor which the latter has handed to the commission to account for these unlawful retainers. The letter reads in part,—

“ . . . In February, 1924, the Dewdney Rhubarb and Vegetable Association asked the Growers' Sales Agency and ourselves to tender for the handling of their crop, and we tendered 5 per cent, out of which we were to pay the Prairie Brokers. We were advised by the Secretary of the Association that the Contract had been given to the Growers' Sales Agency. When the season opened the Association shipped two (2) cars to the Growers' Sales, and immediately got into trouble with them, and they then telephoned the writer to ask if we would take over the contract. We stated that we would on a wide open deal not mentioning any question of brokerage, or any other terms. We did, however, tell them that we could not pay them more than we could buy the rhubarb for in the open market, less 5 per cent.

We worked on this basis, and, and as each car was loaded, advised the Association by telephone what price they were to receive. In other words we bought the rhubarb at a set price, less 5 per cent. This did not apply, however, to three cars that were consigned to Vancouver, on which we made returns as per Account Sales attached to Lots 557, 569 and 573. On all cars shipped to the Prairie we paid the Brokerage Office concerned a brokerage of \$25. We received for thirteen (13) cars shipped to the Prairie \$7,483.38 and we paid the Growers \$6,733.78, and brokerage to the Prairie Offices \$325, leaving an earning for this office of \$424.60, which works out at less than 7 cents per box."

Snow goes on to state that the cars were not handled on commission, and says that had they been so handled "We would not have paid the growers on the basis of the agreed price on Lot 560, on which we took a heavy loss."

Dealing with this last statement first; it is clear from Snow's letter to Carruthers of May 12, 1924, that the reason he overpaid the growers was to conceal the low return made by Winnipeg and not because there was any agreed price on the car. Further the same letter makes it clear that such a "payment" was illusory; for he proceeded to "pick off" the overpayment at the rate of "between seven and ten cents per case."

Snow's statement that on the thirteen Prairie cars the Company received \$7,483.38 and paid the Growers \$6,733.78 is correct as far as it goes. The following table shows what occurred:—

Lot Number	Car Number	Net monies received by Mutual (Vancouver) Ltd.	Selling price as reported to Growers by Account Sales	Commission taken as disclosed by Account Sales	Amount remitted to Growers by Account Sales
		\$ cts.	\$ cts.	\$ cts.	\$ cts.
560.....	280632	273 94	475 00	23 75	451 25
574.....	282592	612 50	587 50	29 38	558 12
580.....	281740	576 53	551 53	27 58	523 95
584.....	280800	490 00	465 00	23 25	441 75
595.....	282782	461 35	436 35	21 81	414 54
613.....	282938	555 12	530 12	26 50	503 62
621.....	282406	637 00	563 00	28 15	534 05
628.....	282776	570 74	517 74	25 89	491 85
639.....	282606	554 70	529 70	26 49	503 21
645.....	285100	534 40	486 40	24 32	462 08
699.....	282882	820 40	703 20	35 16	668 04
665.....	282662	685 25	610 25	30 51	579 74
679.....	282482	711 45	632 40	31 62	600 78
		7,483 38	7,088 19	354 41	6,732 78

From this it appears that Mutual (Vancouver) Ltd., received a total of \$7,483.38 from sales on these 13 cars, but reported the sale price to the growers as \$7,088.19, which represented a total overage (after making up the \$201.06 overpaid on car 280632) of \$395.19.

As a strict matter of law it is possible that the Dewdney Association could recover not only the \$395.19 but also the \$201.06; for the original of that sum was paid over under no mistake, but deliberately. Even under a lenient accounting it would seem that Mutual would be allowed to retain no more than its 5 per cent.

It may be mentioned that Snow's recollection of the arrangement with the Dewdney Association is at variance not only with the recollection of Mr. Boyes, but also with the various letters and telegrams already quoted.

That the dealings with the Dewdney Association were typical of the manner in which Mutual (Vancouver) Limited dealt with other rhubarb shippers, appears from that company's returns to E. M. Handy and others.

Handy states that his agreement was that the company was to get him the best possible price and charge 5 per cent commission. Mutual paid Handy on his first car \$1.01. When the second car was loaded, Handy called up Snow telling him he could get \$1.22 a box, and on Snow telling him he had some fifteen cars on consignment (which would be the Dewdney cars) and to get what he could, Handy shipped his next four cars to Calgary and Edmonton at \$1.25 f.o.b. Dewdney.

On the two cars which Mutual handled for Handy, the company took both a commission and a secret overage, as appears by the following:—

Lot Number	Car Number	Net moneys received by Mutual (Van) Limited	Sale price as reported to E. M. Handy by Account Sales	Commission deducted on Account Sales	Amount remitted to E. M. Handy
558.....	282578	\$ cts. 534.60	\$ cts. 510.30	\$ cts. 24.30	\$ cts. 486.00
572.....	282406	443.64	401.10	.....	401.10
		977.64	911.40	.....	887.10

Five per cent commission on \$977.64 amounts to \$48.88, so that Mutual (Vancouver) Ltd., appears to have unlawfully retained the sum of \$41.66.

The reason for these secret charges is perhaps disclosed by a letter, dated April 28, 1923, in which W. E. Carruthers instructed Snow to charge Handy .10 cents a case; this to be split up, .05 cents to the Mutual (Vancouver) Ltd., and .05 cents to the prairie brokerage offices. Carruthers appears to have thought that the Growers' Sales Agency, Ltd., was handling British Columbia Berry Growers rhubarb on a 5 per cent commission, which would work out at approximately \$25 a car as compared with \$49 a car on the .10 cents a case basis.

The inference is that it was decided to take the 10 cents, but that Snow decided not to let it appear that Mutual was charging any more than G.S.A. Carruthers' letter reads as follows:—

THE MUTUAL (VANCOUVER), LTD.,
VANCOUVER, B.C.

CALGARY, April 28, 1923.

Attention Mr. Snow

GENTLEMEN,—I wired you fully this morning, George, about getting behind Handy on his rhubarb in order to give Doberer's pack some real opposition. After I sent that wire, Morgan asked me on what basis of commission we would be working on the rhubarb. We talked it over and I came to the conclusion that it might be advisable for you to handle it on the following basis.

Our organization to charge Handy 10 cents a case for handling the rhubarb, this to be split up 5 cents each to the brokers and 5 cents to your office.

You had better send out a letter of instructions to the brokerage offices as to how you want it handled. They had better deduct their nickel a box commission and make payment to your office when you in turn could take off your nickel and pay over the proceeds to Handy.

The Growers' Sales Agency might be handling Doberer's rhubarb on 5 per cent, but you can readily see that Handy, at 10 cents a box is getting it handled much cheaper, as the local association would have overhead charges to deduct in addition to the 5 per cent payable to the Growers' Sales.

In talking with Colquhoun over the phone this morning I found that the Growers' Sales pack were wanting our boys to come in with them on cars of rhubarb so I told Colquhoun to have our boys pull out and get their requirements from you. The minimum on rhubarb this year has been reduced to 24,000, so that it is an easy matter for Saskatchewan to handle straight cars of rhubarb in addition to buying their mixed cars from Walla Walla. I asked Colquhoun to give you a couple of days to work on cars for them and I think if you work along this basis you will have no difficulty in putting it over Doberer's pack.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

Other Shippers:

The following instances of concealed profits may also be given. On May 27, 1924, Mutual (Vancouver) Ltd., reported to the Berry Growers' Co-operative Union as follows:—

53 boxes rhubarb.....	53.....	\$ 1 20	\$ 63 60
Less commission.....		5 30	
Freight.....		5 93	11 23
Net proceeds.....			<u>\$ 52 37</u>

The invoices on Mutual (Vancouver) Ltds', file 661, show that these boxes were sold as follows:—

43 to Pacific Berry Growers Ltd at \$1.25.....	\$ 53 75
10 to Jamieson & McBain, at \$1.25.....	12 50
	<u>\$ 66 25</u>

A somewhat similar case is found in Mutual (Vancouver) Ltd's., Lot 719. The invoice to Mutual Brokers, Calgary, dated June 11, reads:—

69 boxes Barb.....	69.....	\$ 1 40	\$ 96 60
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The account sales of June 12 to Berry Growers' Co-operative reads:—

69 boxes rhubarb.....	69.....	\$ 1 10	\$ 75 90
Less commission.....	(Mission).		6 93
Net proceeds.....			<u>\$ 69 00</u>

This account sales does not represent the true transaction, which was a sale at \$1.40 delivered Calgary, not \$1.10 f.o.b. Mission. The freight was \$7.61. The lot record book of Mutual (Vancouver) Ltd., which shows the true nature of the transaction, gives the following:—

Invoice.....	\$ 69 00
Freight.....	7 61
Cartage.....	3 45
Total expense.....	<u>\$ 80 06</u>
Net sales.....	<u>96 60</u>
Profit.....	<u>\$ 16 54</u>

As account sales showed a commission charged of only \$6.90, it follows that without questioning the propriety of the alleged disbursement of \$3.45 for cartage, Mutual (Vancouver) Ltd., made a concealed profit of \$9.64 on this small shipment of 69 boxes.

The following wires and letters may be quoted as casting light on the attitude of various Nash officials at this time.

(Telegram)

April 15, 1924.

MUTUAL VANCOUVER LTD.,

Vancouver, B.C.

All provinces agreeable to handling Dewdney Association barb to be rolled on consignment to the brokers who will sell, but you should control their shipments as suicide as you know, for them to roll more cars than markets can absorb at reasonable price. We should have sole control all their crop and our idea you should handle deal yourself direct with all our brokerage offices. Saskatchewan say they good for three cars weekly. Manitoba say two to three; Alberta take same. Prairie offices should get \$25 car in view of fact cars will have to be broken up and distributed over several markets. Try arrange accordingly so no misunderstandings and protect yourself. Davie can use car immediately. Wire him quick also advise us all what you do.

(Sgd.) W. E. CARRUTHERS.

(Telegram)

CALGARY, April 16, 1924.

MUTUAL VANCOUVER LTD.,

Vancouver, B.C.

Both Scott and Acme getting prices on car B.C. barb for pool but really Scott's turn to buy, and believe they making special effort to hold Association account. Percy thinks dollar quarter O.K. Our idea is that we don't want growers lose money and if they would ship what we told them should come out O.K., as we would not advise them to ship unless market looked all right. No doubt also, George, brokers could place some definite orders. I would tell them prospects all right and think you are safe in that we usually make good. Suggest you get on phone with them and try secure account exclusively as certainly don't want play horse. Perhaps Simpson give you boost at any rate you have wide open story to put it over.

(Sgd.) W. E. CARRUTHERS.

(Telegram)

VANCOUVER, April 17, 1924.

MUTUAL BROKERS LTD.,

Calgary.

We are getting all Association rhubarb at Dewdney. No cars will be loaded if returns will be less than ninety cents net to association. We want get all we can above this amount as ninety cents actual cost packing. Next car will roll Friday. Wire your instructions.

MUTUAL (VANCOUVER) LTD.

(Letter)

VANCOUVER, B.C., May 1, 1924.

MUTUAL BROKERS LTD.,

Calgary, Alta.

GENTLEMEN,—

You may wonder why our information is so vague at times on shipments, and we should have told you before that the Secretary of the Rhubarb Association has no phone, and lives in the rhubarb wilderness. To get him we have to put in calls through different ranchers, and, if they see him, they tell him we have been calling. This at times is very unsatisfactory, as you will appreciate. However, we get you the information just as quick as possible at all times.

Yours truly,

MUTUAL (VANCOUVER) LIMITED,

per (Sgd.) G. H. SNOW.

(Letter)

VANCOUVER, B.C., May 17, 1924.

MUTUAL BROKERS LTD.,

Edmonton, Alta.

Re car Rhubarb C.P. 282406

GENTLEMEN,—Referring to your letter of the 12th inst. we regret the inconvenience and expense you have been put to in connection with the car of barb for Macdonald-Cooper. Our policy this year has been to keep the shippers in the dark as to the actual consignees of the Rhubarb cars and all cars have been sent out billed to the "Mutual Brokers."

We settled up with the shipper on this car on May 12, so cannot grab it off from that source. However, we are quite willing to go 50-50 with you on the switching charges, and you can deduct the \$5 when remitting.

Yours truly,

MUTUAL (VANCOUVER) LIMITED.

(Letter)

MUTUAL (VANCOUVER) LTD.,
Vancouver, B.C.

CALGARY, ALTA., June 2, 1924.

DEAR GEORGE,—Replying to yours of May 26, re rhubarb. I was quite surprised indeed to note the quantity of rhubarb you had shipped this year, and I hasten to take back what I said regarding the desirability of the Association account. It is true that we had difficulty in getting cars as frequently and promptly as we desired, and, of course as all the independent cars were coming to Calgary to Fee, it naturally looked to us as if they were getting more than we were.

We, of course, realize, George, how difficult it is to get authentic information from the rhubarb growers. We had some years experience ourselves working direct with them.

Yours truly,

THE MUTUAL BROKERS LTD.,

By (Sgd.) H. W. MORGAN.

3. TOMATOES

In 1923 and 1924 Mutual (Vancouver) Limited received the exclusive handling of the hothouse tomato and cucumber crop of Victoria Hothouse Association. The contracts are set out in Appendix 10, and show an extraordinarily high rate of commission, on carlots, namely 5 per cent on f.o.b. price. This works out at approximately \$250 a car, and may be contrasted with the charge of \$30 a car on tomatoes in the contract between Associated Growers of British Columbia, and Mutual (Vancouver) Ltd., dated May 31, 1924, also set out in Appendix 10.

The first interim report of the undersigned, already set out, indicates that Mutual (Vancouver) Ltd., was not content with this commission, but in 1923 and 1924, made certain further deductions of 25 cents and more a crate; and in 1924 also took a double commission of 5 per cent. A double commission of 5 per cent would make the broker's remuneration approximately \$500 a car, which is an outrageous charge. Your Commissioner has been informed that the extra commission of 5 per cent has now been repaid to the growers; Mr. McPhee, solicitor for Snow and the company, stating that on September 24, 1924, a total of \$2,738.14 was paid. Your Commissioner has not verified what amounts were due or what repaid.

This portion of this report deals with three matters connected with the handling of the 1923 and 1924 tomato crop:—

- (1) The methods of accounting employed by Mutual (Vancouver) Limited, and
- (2) The carlot shipments in 1923 and 1924;
- (3) The Seattle transaction of 1923.

(a) *Methods of Accounting Employed by Mutual (Vancouver) Ltd.:*

The duties of an agent are set out in Appendix 3 to this report. The following instances of breach of duty may be given:—

(i) *Double Brokerage.*—On May 16, 1924, Mutual (Vancouver) Limited, at Victoria, invoiced direct to various jobbing houses on the prairies 40 crates of No. 1 Hothouse Tomatoes at \$7 per crate, plus .05 cents a crate cartage. In making up the daily pool sheet the invoiced price was in each case stated to be \$6.90.

On May 15, 1924, when the price to prairie points was \$7.10 f.o.b. Victoria, the Company shipped to various Nash jobbers in the United States 15 crates of No. 1 Hothouse, charging them \$6 per crate; and entering the price in the daily pool sheet as \$5.70.

The .10 cents a crate deducted from the invoice price in the case of prairie shipments, and the .30 cents a crate in the case of sales to Nash houses in the United States, represent a secret brokerage paid to Nash brokerage houses on the prairies and the United States respectively.

Dilworth, manager of the Victoria office of Mutual (Vancouver) Ltd., was questioned regarding this double brokerage, and admitted that the deduction was not according to contract.

It had been the practice in former years to pay prairie brokerage offices .05 cents a crate, Vancouver dividing with them its .10 cents commission. That the change to a double commission of .10 cents each for Vancouver and prairie brokerage offices was a considered matter of policy appears from correspondence passing between H. W. Morgan, manager of Mutual Brokers Ltd., at Calgary, and Dilworth at Victoria.

CALGARY, ALTA., May 5, 1924.

MUTUAL (VANCOUVER), LTD.,
Victoria, B.C.

GENTLEMEN,—In talking with Mr. Carruthers this morning we mentioned the new prices received in your wire of Saturday night and he suggested that we write you calling attention to the fact that your prices look suspicious. For example: Special cukes \$2.10 per dozen, tomatoes \$7.10, etc. He thought that you should quote them out at even prices. For example: On tomatoes you could quote \$7 and advise the growers that you were selling at \$6.90, etc. He thinks it would look a lot better.

We therefore took the liberty of quoting out your tomatoes on the basis of \$7 and \$6.50. We have quoted the cukes, however, as quoted by you and will continue to do so until we hear from you of any further change.

Yours truly,

THE MUTUAL BROKERS, LTD.

By (Sgd.) H. W. MORGAN.

VICTORIA, B.C., May 8, 1924.

MUTUAL BROKERS, LTD.,
Calgary, Alta.

GENTLEMEN,—Replying to your favour of the 5th instant with reference to quotations on tomatoes, we feel that you are right in your contention that the addition of the dime to prices when they are around \$6 or \$7 has a suspicious look. Your action in quoting at \$7 and \$6.50 meets with our approval. All future quotations will be made your price to the jobber on tomatoes, but our cucumber quotations will be made the same as in the past, as we find that prices covering cucumbers are nearly always in odd figures.

Trusting that this will meet with your approval, we remain,

Yours truly,

MUTUAL (VANCOUVER), LIMITED,

Victoria Branch.

(Sgd.) "D."

Copy:

Mr. W. E. Carruthers, Calgary.

Mr. G. H. Snow, Vancouver.

This deduction of .10 cents was made on practically all l.c.l shipments to the prairies, and amounts to a considerable sum. Its recovery is a civil matter, but mention of it is made here as a further illustration of the detrimental operation of a jobber-broker combine which operates brokerage offices for the growers.

(ii) *Delayed Returns*.—On June 17, 1924, the Victoria office of Mutual (Vancouver) Limited, consigned to its Vancouver office 105 crates No. 1; 65 crates of No. 2 and 14 crates of No. 3. All these tomatoes were sold within one week, yet Vancouver made no return until July 14, when the prevailing price was about

\$1 less. On June 17, and for a week thereafter, the prevailing price had been \$5.50 for No. 1's. The return made on July 14, was 105 No. 1's \$492.50, or \$4.69 a crate. This was entered in the daily pool sheet for July 8, which was six days before the Vancouver invoice was made out, and 21 days after shipment to Vancouver. In this way, the secret profit which Vancouver had taken on the sale of these tomatoes was retained without exciting suspicion.

(iii) *Daily Pool Price.*—The device of the daily pool price was first introduced in 1924. Your Commissioner is not aware whether it was sanctioned by general meeting of the members of the Victoria Hothouse Association. The pool price made it impossible for the growers to see from the account sales discrepancies in price due to the deductions made in Vancouver.

A copy of the Daily Pool Sheet for June 16-17, 1924, is given:—

Date, 1924	No. 1 Grade			No. 2 Grade			No. 3 Grade		
	No. sold	Invoice price	Pool price	No. sold	Invoice price	Pool price	No. sold	Pool price	
		\$ cts.	\$ cts.		\$ cts.	\$ cts.		\$ cts.	
June 16.....	1,210		4,840 00						Consigned car.
" 16.....	10	5 50	55 00	23	5 00	115 00	1	2 50	
" 16.....	31	5 50	170 50	20	5 00	100 00			
" 17.....	79	5 50	434 50						Consigned.
" 17.....	324	3 90	1,263 60						
" 17.....	289		1,382 12	40		190 00	13	33 97	
" 17.....	183		863 99						
	2,126	Total...	9,009 71	83	Total...	405 00	Total 14	36 47	
	Pool price.....		\$4.28	Pool price.....		\$3.80	Pool price..		\$2.60

O.K. by H.B.P.

In this sheet the 324 crates put in at \$3.90 actually sold for \$4; while the amounts of \$1,382.12 and \$863.99, are not true statements of the amounts received by Vancouver for these shipments, Vancouver having first made certain deductions.

The pool prices of \$4.28 for No. 1's and \$3.80 for No. 2's are not correct. How these amounts are arrived at appears from an endorsement on the back of the pool sheet, as follows:—

2,126 cts.	No. 1	Tomatoes realized.....	\$	9,009 71
83 "	No. 2	"		405 00
14 "	No. 3	"		36 47
2,223			\$	9,451 18
2,126 cts.	No. 1	Tomatoes at \$4.28.....	\$	9,099 28
83 "	No. 2	" 3.80.....		315 40
14 "	No. 3	" 2.60.....		36 40
			\$	9,451 08

Thus in order to give as far as possible an even price which would not call for explanation Mutual (Vancouver) Ltd., "adjusted" the returns as between No. 1 and No. 2, overpaying \$89.60 to the growers who had No. 1's. This was quite illegal and unwarranted, and discriminately against the growers who had No. 2's. The same practice with respect to the pool price was followed generally throughout 1924.

(iv) *Secret Deductions of 25 cents per crate.*—In 1923, the practice in Vancouver was to render a return showing sales made at 25 cents a crate less than the true sale price. Snow states that this was done to cover freight and cartage from Victoria to Vancouver, and to give Vancouver a small commission. This extra commission would amount to 10 cents a crate; for the cartage at Victoria was

one and one-half cents ($1\frac{1}{2}$ cents); at Vancouver, three cents (3 cents), and the freight was less than 10 cents. For example the freight paid on June 22 (Exhibit 180) on 466 crates weighing 11,150 pounds at $37\frac{1}{2}$ cents was \$41.80. This works out at 9.6 cents a crate.

Assuming that Mutual (Vancouver) Ltd., would be entitled to deduct 15 cents for freight and cartage disbursements, that company would not be entitled to this secret profit of 10 or 11 cents a crate. Snow admitted the illegality of these deductions, but stated that some of the officers of the association knew that he was retaining 25 cents a crate. There is no evidence that the executive, as such, knew of this retainer, or approved it, or that any person knew that the 25 cents contained a secret profit of 10 cents a crate. Mr. Pollock, one of the executive, testified that he understood that all that was to be deducted for freight and cartage was what was actually paid out. Moreover, under the constitution of the Victoria Hothouse Association, the executive would have no authority to bind the individual members of the association in any alteration of the written terms of the contract or to authorize deductions from the returns payable to the individual members.

(v) *Further Concealed Deductions.*—The practice in 1923 was at first only to deduct 25 cents a crate. Later in that year it became the practice to deduct 50 cents from No. 1 and No. 2 tomatoes, and as much as \$1.75 a crate was retained on No. 3. The following give instances in detail of some of these transactions:—

Exhibit Number	Date shipped by Victoria	Total number crates	Moneys received by Vancouver		Moneys remitted to Victoria		Amount retained by Vancouver	
			\$	cts.	\$	cts.	\$	cts.
169.....	June 11, 1923	509	2,757	50	2,628	25	129	25
180.....	“ 21, 1923	446	2,272	25	2,067	50	204	75
199.....	July 28, 1923	207	867	50	564	75	302	75

In 1924 the company became bolder and not only illegally deducted 25 cents a crate at Vancouver, but also as has already been stated, a further commission of 5 per cent, and sometimes took in addition to this such other extra profits as circumstances permitted. This has been admitted both by Snow and Miss Gibson. These were all in excess of the 5 per cent commission mentioned in the contract which Snow himself had prepared.

(vi) *“Blow-backs”*.—Some of these moneys were used to make payments or “blow-backs” to certain members of what Snow describes as the “loyalty gang” of jobbers on Water street, Vancouver. Snow’s explanation was that these payments were to prevent the importation of Mississippi tomatoes. The explanation is not in accordance with the facts. All the wholesalers who were examined stated that there was no connection between the “blow-back” and the importation or otherwise of southern tomatoes. The Vancouver jobbers had been unfortunate with Mississippi and other southern tomatoes, and did not wish to import them. The “blow-backs” were a preference to favoured jobbers, which enabled them to undersell their competitors.

(vii) *Regrading.*—A further practice was to invoice Nos. 2 and 3 grade hot-house tomatoes to prairie points as No. 1, and at prevailing No. 1 prices. The growers were paid on the basis of Nos. 2 and 3 prices (less in some cases a further 25 cents), the company retaining the difference.

(b) *Carlot Shipments of 1923 and 1924:*

On the representations made by Snow and others at the time the 1923 and 1924 contracts were secured, the growers were entitled to expect the genuine assistance and whole-hearted services not only of Snow, but also of Colquhoun and of Mutual Brokers, Regina, both as regards advice on price and on southern competition.

In both 1923 and 1924 three cars were sent to Colquhoun, on all of which certain merchandising profits were made by Mutual Brokers, Regina. On the third 1923 car Colquhoun advised Snow that his jobbers had sustained a loss of \$605; and, after threatening that if this was not paid he would have nothing more to do with the deal, obtained payment of this sum. Snow to recoup Mutual (Vancouver) Ltd., caused moneys to be secretly deducted from subsequent shipments, the account sales to the growers being falsified to conceal these deductions.

A further feature of the 1923 transactions is that Colquhoun obtained the first car at a \$4 price whereas the prevailing price for l.c.l shipments was \$6. On this car Colquhoun's jobbing houses made heavy profits, these in some cases running as high as \$3 a crate. The correspondence indicates that Colquhoun knew the Saskatchewan market would be bare of Mississippi and other tomatoes at this time.

A practical question emerges, namely whether by reason of the jobber-broker connection, the growers were prejudicially affected by:—

- (a) overages taken by Regina;
- (b) the \$605 paid to Colquhoun;
- (c) the \$4 price on the first 1923 car;
- (d) in any other way.

The answers to the different parts of this question depend on the legal rights of the parties. Obviously if Mutual Brokers, Regina, purchased the cars and had a right so to do they were entitled to the merchandising profits made, but in such case they would have no right to claim payment of \$605 for an alleged loss on the third car.

The overages made in 1923 and 1924 by Mutual Brokers, Limited, Regina were as follows:—

Year	Car number	Overage	
		\$	cts.
1923.....	286620	105	98
	284166	132	38
	286825	151	00
		\$389 36	
1924.....	282578	244	72
	286916	166	33
	286541	173	97
		\$585 02	

The overages were made in the following manner:

On arrival of cars, Colquhoun estimated freight and other charges, and billed the jobbers on that basis. When the actual charges were ascertained this left a profit on the books of Mutual Regina.

The 1923 amounts have been paid over to the jobbers participating in the cars; but the 1924 amounts were undistributed at the time of this Commission's audit.

By Price Circular No. 15, dated May 23, 1924, declared to be effective immediately, Mutual (Vancouver) Limited offered to the various jobbing houses at prairie points by express, No. 1 hothouse tomatoes at \$7.50 a crate f.o.b. Victoria; and by Circular No. 16, dated May 30, declared to be effective June 1, the price of No. 1's was set at \$6. These prices were arranged by Snow, and Dilworth, of the Victoria office of Mutual (Vancouver) Ltd.

In accordance with these circulars; at the end of May and beginning of June, hothouse tomatoes were selling generally to prairie points at \$6.50 and \$6 f.o.b. Victoria, though the price to some Nash houses was \$5.50 f.o.b. Victoria. There were no lower prices. Both Colquhoun and Snow were thoroughly informed of prices of hothouse tomatoes at various prairie points.

(1) 1923. Car 286629. The available documentary evidence dealing with the first 1923 car begins with what purports to be a copy of a wire from Colquhoun to Snow, dated June 3, 1923: "Think could place car Regina to net you \$4. Rush reply."

Dilworth was examined on this point and said:—

Q. Was a minimum price fixed for the cars by the growers?—A. It was suggested at the time. Mr. Colquhoun asked us—he wired out that the stocks were going out and supplies were increasing, and Mr. Snow, I believe, wired to Mr. Colquhoun, telling him he thought we would be able to load him some cars, and he came back and said, in view of the fact of the very low price of Mexican tomatoes, that they would not be able to pay over \$4, straight invoice on a car, but they would like to have a car load. We called a meeting of the growers here and put Mr. Colquhoun's proposition up to them, and they said it would be quite all right to accept an order for a car and ship one down there, and advise Mr. Colquhoun that they did not think they should be asked to accept anything lower than \$4 price—\$4 would be the minimum.

As will appear later there was at that time no effective competition from Mexicans, which were over.

The next document on file is a copy of a wire dated June 4, from Colquhoun to Snow:—

Ship ourselves Regina, Canadian Pacific freight minimum car tomatoes ventilated. Make sure only ship real good pinks that will carry. \$4 f.o.b. limit can pay. Protecting Mutual Brokers here nickle brokerage. Confirm, advising when expect can ship.

The same day, namely, June 4, Mutual Brokers, Saskatoon wrote Mutual, Regina, confirming their order for one-third of the car at \$4 f.o.b.

On June 6, Mutual Brokers Limited, Regina, circularized all Nash houses in Southern Saskatchewan, advising that Mutual, Vancouver, were shipping a car of hothouse tomatoes at \$4 f.o.b. Victoria. The circular went on to say: "There are no other tomatoes rolling. Mississippi are only just beginning. . . . and are sure to be very green. . . . The price is very low for hothouse tomatoes, as they will lay down in Regina for about \$4.40—we should like you to work as heavy as possible on this deal with a view to moving several cars of these tomatoes before Mississippi's are on."

Dilworth was asked:—

Q. So you don't know the figures on which Mr. Colquhoun advised the \$4 price? A. No, I do not. . . .

Q. Well, he was not able to get any more than \$4?—A. No—and to my mind—my own opinion, and also I think the opinion of most of the growers, or any man of commercial ability, that would check up the costs—the f.o.b. costs on Mississippi tomatoes, would say that he did remarkably well to get us \$4.

Q. He did?—A. Yes, Mississippi could be purchased about that time at from 55 to 60 cents a box f.o.b. shipping point, which would land them in Regina at \$1.25 a box, 15 pounds in a box, as against 20 pounds in a crate.

Q. You had no difficulty in getting \$4 on l.c.l. shipments?—A. No.

Q. So Mr. Colquhoun could have no difficulty in getting \$4 on a carload lot?—A. No, he evidently did not. The point there is that the hothouse tomato is much better for shipping to big centres, such as Regina, Saskatoon, Calgary, Edmonton, or Winnipeg, for re-shipment out into more isolated districts. Its carrying qualities are very superior to any field product.

Q. And by the time the Mississippi field tomatoes do arrive at Regina they have been on the road for a long time?—A. Yes.

Q. Now what about these prices? That would appear that your prices from 23rd May to the 21st June were from \$7.50 to \$6 by shipment by express, which would be a more expensive method of shipping than by freight? What have you to say, in view of that, to the \$4 price?—A. Only the one argument that I have in that respect, and that is that they were assuming the risk on a commodity whose carrying qualities were not known by freight, and therefore were going to have themselves properly protected.

On June 7, Snow wired Mutual, Regina:—

C.P. 286629 tomatoes out tonight. . . . This car beautiful stuff . . . should arrive Wednesday night. . . . Had two Government inspectors assist in examining stuff.

On June 8, Mutual at Victoria, wired Mutual Regina. The wire shows that Victoria knew Colquhoun was getting a specially favourable price:—

Advise all interests that our circular sixteen* will be in effect Monday. Absolute shortage tomatoes. *Hope only our gang in on car make some money.* Invoicing all territories basis sixteen Monday. No favours. Weather turned suddenly cold retarding ripening.

On June 9, Mutual, Regina, circularized the Nash houses in Southern Saskatchewan, saying:—

We wired Victoria yesterday for another car, but they stated that the weather has turned cold and the tomatoes are ripening slowly, with the result that they will be unable to quote us on another car for several days, so we are trying to buy a car of Mississippi's, which are being quoted at \$2.10; 20 cents higher than they have been. We will be needing tomatoes.

On June 10, Colquhoun wired Snow:—

Car tomatoes arrived fine shape. Could probably pay four fifty another car.

On June 11, Colquhoun wrote Snow as follows:—

Attached find clipping from the *Regina Leader* of this morning. If our press friends are going to try to do their advertising on the prairies, for God's sake tell them to leave out the price.

The clipping read:—

FIRST B.C. FRUIT FOR REGINA IS DISPATCHED

Vancouver, June 9—The first carload of hothouse tomatoes ever shipped out of this province left here last night for Regina. They came from Victoria. Another carload will be shipped east the end of next week. They will be laid down in Regina at \$6 a crate wholesale.

A carload of British Columbia strawberries, the first of the season, was also sent east to Regina last night. The berries are from the Port Haney district, and will cost \$4.25 a crate laid down in the prairie city.

On June 12, Colquhoun wrote Mutual (Vancouver) Limited at Victoria and Vancouver, as follows:—

Your first car of hothouse tomatoes reached Regina Tuesday, and generally speaking they were exceptionally fine quality. There was, however, a small percentage of over-ripe tomatoes. The market was about fair and the jobbers who participated in this car should have no difficulty in cleaning up before the next car arrives. We equalized freight to all points and invoiced at \$4.50, and the Mutual Brokers are about practically even at \$4 f.o.b. Victoria. The jobbers are getting \$6 to the smaller buyers and \$5.50 to the larger buyers. The tomatoes are being retailed at 40 cents per pound.

* Already quoted. See above.

This letter makes it clear that Mutual (Vancouver) Ltd. knew that the jobbers were making profits of at least \$1 to \$1.50 per crate on this car. There appear to have been no protests from Mutual (Vancouver) Ltd. As a matter of fact even larger profits were made.

On June 13, Mutual, Regina again circularized its houses, saying the hot-house car had arrived; and that it had been unable to pick up a "roller" at Minneapolis; that Mississippi and Texas tomatoes had been quite strong; had opened at \$2 and closed at \$2.15, and that they were fairly green. The circular also went on the state: "We have a car of Mississippi's out yesterday, which will cost about \$3.10 delivered Regina, and from the arrival of that car on we should have a plentiful supply of tomatoes."

It is evident Colquhoun knew his jobbing houses would make a heavy profit on this British Columbia car, which he was invoicing out to them at \$4.50 (enabling him to make an "overage" of \$105.98). He was not mistaken, the jobbing houses sold at prices from \$7.50 down. Most of the sales were at \$6.50. The two largest northern Saskatchewan jobbers made an average profit of \$2.30 per crate, while the four largest southern Saskatchewan houses made an average profit of \$1.46 a crate. These were inordinate profits.

(ii) C. P. 284166:

On June 10, Colquhoun wired Snow:—

Car tomatoes arrived fine shape. Could probably pay four-fifty another car.

This price was supported on June 15, by W. E. Carruthers, Nash supervisor at Calgary, who had heard from Colquhoun. Carruthers wired Snow as follows:

CALGARY, ALTA., June 15, 1923.

Geo. Snow,

Care Mutual Vancouver,
Vancouver, B.C.

Understand Saskatchewan offer four-fifty for another car tomatoes. Strongly recommend you accept as no doubt crop come fast when weather warms and remember you should use prairie for surplus at price. Looks like three dollar price to jobbers all markets Monday. This may seem day or two early but will set trade buying and in end result in better average returns. Better advise all shippers.

(Sgd.) CARRUTHERS.

Snow had suggested a \$4.50 price, but the growers who had heard rumours of the profits made, and who knew that the price was out of line with prices obtained on l.c.l. shipments, refused, whereupon Snow wired Colquhoun:—

... Impossible get growers agree let us load another car under five dollars Victoria, with nickel brokerage Regina office. Owing big demand here account wholesalers refusing import tomatoes, supplies keeping cleaned up; all prairie points paying six dollars; express business averaging two hundred daily.

Colquhoun replied the same day:—

Replying; ship us another car hothouse tomatoes five dollars. Route Canadian Pacific. Confirm.

On June 16, Mutual, Regina, circularized its houses advising the purchase, and saying:—

This last car, as you know, was exceptionally lovely stock, and irrespective of what the market is on Mississippi, we all felt that there would not be the slightest bit of trouble in moving this car.

(iii) C. P. 286825: the third 1923 car.

On June 18, Mutual (Vancouver) wired Mutual, Regina:—

Loading another car Monday next at same price. Do you want it?

The same day Colquhoun replied:—

Mississippi tomatoes costing two twenty-five. We can use Monday's car at \$4.50. Think good business your part play this market for surplus, and hold prices on express shipments. Confirm. Route Canadian Pacific.

Vancouver replied at once confirming the car at \$4.50, and on June 19, Mutual, Regina, circularized all its houses saying:—

We have ordered another car for shipment Monday the 25th.

and wrote Mutual, Saskatoon, confirming one-third of the car to them at \$4.50 f.o.b. shipping point. The same day Mutual, Saskatoon, replied confirming the agreement; and on June 26 Mutual, Regina, circularized all its houses advising arrival on Tuesday, July 3, of car No. 286525, saying: "the price will be \$5 f.o.b. Regina."

There is no doubt that a definite sale was made to Mutual, Regina, at \$4.50 f.o.b. shipping point.

On June 26, 1923, W. Colquhoun, wrote Mutual, Vancouver, regarding the second car, 284166, which had just arrived.

Car of hothouse tomatoes arrived here to-day in almost perfect condition. It sure is a car of beautiful stuff. . . . Don't you think it might be policy to roll these cars on the Mutual, Regina, and leave it to me to get the best possible price for them on arrival. For example, if this had been done on the first car that came on this market, it would have been an easy matter to have gotten \$1.50 more a case than you received. This particular car arrived on a bare market and was gobbled up by the trade as soon as it hit the floor. . . . Tell Jack Dilworth that the Colquhoun family are very fond of tomatoes and an extra case thrown in might mean extra money to his shippers.

Two days later, namely, June 28, Colquhoun wired Snow as follows:—

Market loaded on tomatoes, weather cold and wet. Car Mississippi here and Saskatoon to-day, one more car rolling costing \$2.60 delivered, quality good. Will be safe to roll another car about Wednesday, but price will have to be left open. On the same day Mutual, Vancouver, wired Colquhoun as follows:—

Thanks for tomato dope, Bill. Our growers will not let us load unless sold firm price Victoria. They prefer play home market even if at lower price. Please wire guaranteeing a price with a promise of a better one if possible. Opposition all watching tomato deal, looking for a weak spot to knock us over with for another year's deal. We dare not make a bum break so looking to you for advice. So far have simply murdered Swifts* and want keep up good work. Let's hear from you early Friday with a firm offer

On June 30, Colquhoun replied:—

Absolutely useless to try sell tomatoes at firm price. All markets loaded on both Mississippi and hothouse and likely to take a bump on your last car. My opinion in order to keep out foreign tomatoes you will have to drop price on next car to \$3.75 f.o.b. Victoria. Mississippi selling as low as \$3 repacked.

On June 29, Mutual, Vancouver, wired Mutual, Victoria:—

Don't put last two tomato invoices through books. Prices slipping. Looks like four fifty market here. Regina advises car arrived good condition. Victoria hothouse tomatoes fully ripe arrival. Want future shipments little on green side. Bagshaws not graded as well as others. Some misshapen sizes uneven. Best ones Sunshine, Henderson, Brown.

On July 3, 1923, Colquhoun wires Snow, (Victoria) as follows:—

Saskatchewan have enough tomatoes on hand to last at least ten days when Ontario will be in full swing. Your last car arrived to-day and all houses carrying over heavy stocks from previous car. If you want stimulate business suggest you rebate fifty cents on car that arrived to-day.

* The inter-house name for Grower's Sales Agency Ltd.

On July 4, 1923, Colquhoun wired to Snow as follows:—

Think suicidal to roll express car tomatoes on Regina but this your funeral, and will handle to best advantage; in meantime am reducing price on car 286825 to \$4 f.o.b. If this not satisfactory wire quick.

Snow's reply is missing from the files. On July 5, 1923, Colquhoun again wired Snow as follows:—

Your wire too late have already arranged 50 cent reduction on your car 286825. You can please yourself about this but personally am absolutely through with your tomato deal unless you are prepared to play fair. Houses on my instructions sold first car on basis of cost in order help your deal and did not make big profit as you suggest. Am prepared to assist every possible way but must have co-operation from your end.

On July 5, 1923, Colquhoun wired Snow:—

Only possible chance of creating demand necessary clean your crop is to reduce price to where public will buy freely. If our houses sell on basis cost last car this cannot be accomplished. My opinion in interest of grower price on last car should be reduced 50 cents. Suggest you put this up to your executive. On equalized cost to different markets first car cost \$4.50 and sold Regina \$5.50.

On July 9, 1923, The Mutual Brokers of Regina wrote to Mutual (Vancouver) Ltd. as follows:—

Our file 167; car 286629.

Our file 190; car 284166.

Our file 202; car 286825.

We have paid your draft on car 286825 less the following:—

Brokerage on:

Car 286620..	\$37 95
“ 284166..	62 25
“ 286825..	63 25
1 empty case..	4 50
1,209 at 50 cents rebate..	604 50
	<hr/>
	\$772 45

making a payment on account of \$4,672.55.

On July 16, 1923, Colquhoun wrote Mutual (Vancouver):—

As advised, we lost \$605 on car 286825 and George promised that you would bill us at 25 cents under the market until this loss was made up. Suggest that from now on you bill us \$2.75 f.o.b. You will be pleased to hear that we are getting all the tomato business in both Moose Jaw and Regina from our competitors as well as our own houses.

On July 17, 1923, Mutual, Vancouver, wired Colquhoun as follows:—

Dilworth just advised us Smith took off 50 cents case last car when remitting; who gave this Jesse James bird authority to do this? We want to be reasonable all the time but cannot stand for Growers' Sales tactics. This means we lost \$604 as Growers paid and we cannot scrape it back. Please arrange Smith mails cheque immediately this amount and we will pay it back quarter a case as arranged. Also tell him we will mail brokerage cheques and not to take off returns; we are not leaving the country.

On July 17, Mutual Brokers, Regina, wrote the Walker Fruit Company, Ltd., Weyburn, Sask., as follows:—

Our file 202. We have your letter of the 13th inst. These tomatoes were originally quoted at \$5, but in order to help the sale, we reduced the price 50 cents hoping that the shippers at the Coast would stand behind us on this reduction in order to move the tomatoes faster. This they refused to do, and we ourselves are out \$600 on this car. This allowance had nothing to do with shrinkage, as we did not have any information that the car was soft, although on account of the wet weather most of the tomatoes had to be held so long that they were soft before finally sold.

On July 18, 1923, Colquhoun wrote George Snow as follows:—

I wired you yesterday reminding you of your promise to protect the Mutual 25 cents per case on all shipments of tomatoes in Saskatchewan after July 6 until their loss of \$605 on the last car was made up. Received your wire this morning in reply in which you state that it is your understanding that Smith already getting 25 cents overage. I immediately wired you as per attached copy.

As advised in this wire, the Mutual are delivering tomatoes at \$4 per case, which shows them an actual overage of 16 cents. Some of these tomatoes have been shipped back to Moose Jaw and the Mutual have stood the local express, which of course would eliminate their overage. All our houses that participated in the last car of tomatoes took a very heavy loss, notwithstanding the fact that the Mutual billed them the tomatoes at 50 cents under actual cost. The Mutual, as you know, lost \$605. We went into this tomato deal purely to help you out, using our best judgment. Without question the tomatoes were handled to the best advantage of all concerned, and under the circumstances there is no reason why the growers should not take their share of the loss.

As advised in my wire, I will expect you to protect the Mutual 25 cents per case on all shipments to Saskatchewan until loss of \$605 is made up. Now please don't let us have any more argument about this or else you are likely to lose the only market that you have for your tomatoes.

I think you will admit that you are getting wonderful support on this deal from Saskatchewan at the present time and I can tell you, it is taking quite a lot of effort to hold the market. Being so far away probably you don't just realize what we are doing for you on this deal. We are getting all the business from both our competitors and our own houses on the three larger markets, namely Moose Jaw, Regina, and Saskatoon, and you are also getting all the business from the small markets with the exception of Swift Current, who are getting their supplies from Medicine Hat. As advised in my wire, Okanagan advise that they will start shipping this week and no doubt they will be heavy shippers by the middle of next week. Ontario will be shipping car loads next week and their price will likely be down to \$2 f.o.b.

Note that you will need our support for another month and that you will be willing to meet legitimate competition. Personally, I am quite prepared to continue to help you out on this deal, but I cannot ask the Mutual to take any chances on buying this stuff after the end of this week, and I am sure that it will be impossible to get our buyers to take on any quantity at a firm price. Under the circumstances would suggest that you keep rolling tomatoes to Moose Jaw, Regina and Saskatoon daily, in quantities that our brokers feel they can handle to advantage, and I will personally undertake to see that you get the best possible returns. By supplying these markets with fresh tomatoes daily you will get the maximum distribution. This I understand is what you need. Please let me hear what you think of this plan. Have instructed the Mutual Brokers to forward their cheque to cover the deduction on the last car.

On July 20, Mutual, Regina, wrote the Mutual (Vancouver) Ltd.:—

Re our file 202, Car 286825: At the request of Mr. Colquhoun we enclose herewith our cheque for \$605.50 being the amount deducted from your draft on the above car.

It is distinctly understood, however, that we are being credited 25 cents on every crate sold for you since that time. Before you get this letter there should be enough money put by by you to more than pay this loss, and you should be able to send us your cheque right back.

This 50 cents was the only thing that saved the deal for you. The boys lost enough as it was, and if they had had to assume this extra 50 cents, it would have been the last straw and they would have laid off your tomatoes altogether.

On July 27, Mutual (Vancouver) advised Colquhoun as follows:—

We are looking now for ways and means to take care of the \$605 which we admit was coming to you, covering the car of tomatoes, on which the loss was taken. It may be that we will not be in a position to clean this up at one time, but we admit the debt and will pay it, and that's that.

The result is that Colquhoun whose houses had made big profits on the first car refused to take his loss on the third car; that Snow, whose company was receiving over \$250 a car to act as agent for the growers, acquiesced in Colquhoun's demand, and took the money from the growers by false account sales.

By reason of this alteration of 50 cents a crate in price, Mutual Brokers, Regina, took the following earnings:—

An "overage" of.....	\$	151 00
Brokerage at 5c. a crate on 1,210.....		60 50
Handling charge.....		25 00
	\$	246 50

The total earnings by Mutual, Regina, on the three cars, were:—

Brokerage at 5c. per crate.....	\$	158 95
Handling charges.....		75 00
Overages.....		389 36
	\$	623 31

It is doubtful whether any such profits would have been made by Mutual, Regina, had it not been for the jobber-broker connection.

It has been suggested, that Colquhoun was acting in a self-denying way in refusing at this time to handle southern tomatoes, on which he could have made a much greater profit. The answer to that suggestion is that during the period from June 10, when the first British Columbia car arrived, to July 9, when Mutual Regina, deducted the \$605, Colquhoun had brought in four Mississippi cars, from P. L. Biggs, Crystal Springs, Mississippi. On each of these Mutual Brokers, Regina, took a handling charge of \$25 and brokerage of \$25, and also made certain overages as follows:—

—	Number of lugs	Invoice	Freight	Duty	Other charges	Total cost	Hand- ling charge	Brokerage	Over- ages
		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
June 20, 1923—									
Car No. 55902..	1,071	2,040 18	465 87	614 90	5 72	3,126 67	25 00	.....	84 43
June 23, 1923—									
Car No. 3034...	1,071	1,599 54	459 87	482 00	5 41	2,546 82	25 00	.....	85 69
June 29, 1923—									
Car No. 53506..	1,071	1,544 38	431 23	418 10	6 83	2,400 54	25 00	.....	236 96
July 7, 1923.....									
Car No. 57829..	1,008	1,455 24	426 24	235 70	8 50	2,125 68	25 00	100 00	6 07

The total profits made by Mutual Regina, Ltd., on these four cars were:—

Handling charges.....	\$	100 00
Brokerage.....		100 00
Overages.....		413 15
	\$	613 15

This is \$10.16 less than the profits made on the three 1923 British Columbia cars. Nor did the jobbers fare as well as on hothouse tomatoes. Stockton and Mallinson Ltd., Regina, have certified the following records:—

Car No.	Lugs	Shrinkage lugs	Cost	Sales	Profit or Loss		
					Total	Per crate	Sales
			\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
55902.....	168	29	520 80	567 10	46 30	0 27	8
3034.....	165	84	420 75	294 15	123 60	Loss	
53506.....	240	112	600 00	297 50	302 50	"	
57823.....	230	30	517 50	62 50	455 00	"	

It is apparent from the above that the Mississippi tomatoes handled at this time were not as profitable as the hothouse stock.

1924 Cars:

In 1924 the system of handling Regina cars was changed, and instead of being sold f.o.b. Victoria, they were consigned to Mutual Brokers, Regina.

On May 25, 1924, Snow wrote Colquhoun: "The writer is under the impression that a price around \$4.50 Victoria should be satisfactory both to the grower and yourself." To this Colquhoun replied by wire on the 27th; stating that the price should be about \$4, certainly not more than \$4.25. Snow replied the next day as follows:—

" . . . Executive met last night Victoria; decided to roll you steady supply tomatoes open. All feel \$4 too low. Know you will get best market will stand. Wire when you want first car. Can load at once. Growers have every confidence in you. They state will give you full support."

The next day Snow again wired Colquhoun stating: "Growers disappointed over \$4 prospects but say they know you will do your best to make it more." Colquhoun replied as follows: "Let's go. Ship minimum freight car ventilated soon possible. Instruct Dilworth see tomatoes on green side. Will do best possible on price but don't think can net you more than \$4."

On the 28th May, Colquhoun wrote certain of his jobbing houses as follows:—

May 28, 1924.

C. C. Northern
Early
Mutual-Regina
Mutual Brokers, Ltd.,
Saskatoon, Sask.

Hothouse Tomatoes

GENTLEMEN,—Attached find copies of wires exchanged between the writer and our Vancouver office on hothouse tomatoes.

You will note by Mutual's wire that the hothouse growers have decided to roll their tomatoes open and allow me to set the price on arrival. This should be a very satisfactory deal for us. It is my understanding that at present we have two cars of Mexican tomatoes in transit, the last car being due in Regina about June 5. It would be my idea that we should instruct Victoria to ship us a car of hothouse tomatoes by freight about June 5. This car would arrive about the 11th.

Please advise if this meets with your approval.

Yours truly,

(Sgd.) WM. COLQUHOUN.

This was followed up by a letter to the Moose Jaw and Regina houses on the 30th May, advising that with the exception of one car of tomatoes then rolling, to arrive about June 5, his (Colquhoun's) Mexican tomato deal was finished and he was then turning to hothouse tomatoes from Victoria.

(iv) Car 282578:

The first car was C.P. 282578: It arrived on June 10, containing 1,210 crates, and was consigned to Mutual Brokers, Regina. It was invoiced to the various houses at \$4.50 a crate, netting a total of \$5,436. There was remitted to Victoria \$4,840, leaving \$596 to pay freight and other charges. After making these payments and deducting \$30 handling charge, Mutual, Regina, transferred to Suspense Account, the sum of \$244.72, making a total profit taken by Mutual, Regina, of \$274.72.

The duty of Mutual, Regina, as consignee for sale was to sell to the jobbers at prices which would give them a fair profit and no more. Colquhoun was familiar with prevailing prices, but in invoicing to the jobbers at \$4.50 he

enabled them to take profit varying at from 84c to \$1.10 a crate, as appears by the following table showing the average profit of some of the Saskatchewan jobbers:—

Name of Jobber	Number of crates	Average price per crate
		\$ cts.
Stockton & Mallinson Ltd.....	161	1 10
Lloyd Fruit Company Ltd.....	121	0 89
Scott Fruit Company Ltd.....	102	0 83
P. Burns & Company Ltd.....	121	0 84
Rex Fruit Company Ltd.....	126	0 84

(v) *C.P. 286541*: The second car containing 990 crates tomatoes, and 100 cucumbers, arrived June 16. It was invoiced to the jobbers at \$4.50 for tomatoes, and netted for tomatoes and cucumbers.....\$4,635 00

Remittance was made to Vancouver at \$4 for tomatoes, and \$1.60 for cucumbers, totalling.....4,120 00

The difference, namely, \$515.00 was used to pay freight and other disbursements, after which the balance was disposed of by taking \$30 as a handling charge and the remainder, namely, \$173.97, being overage, was transferred to Suspense Account.

The profits of some of the jobbers are reported by them as:—

Name of Jobber	Number of crates	Average price per crate
		\$ cts.
Stockton & Mallinson Ltd.....	110	0 76
Lloyd Fruit Company Ltd.....	80	0 29
Scott Fruit Company Ltd.....	83	0 71
P. Burns & Company Ltd.....	82	0 83
Rex Fruit Company Ltd.....	90	0 73

(vi) *C.P. 286916*: The third car containing 990 crates tomatoes and 100 boxes cucumbers, was also consigned to Mutual Brokers, Regina. It arrived June 23 and was invoiced out at \$4.50 for tomatoes, and netted for tomatoes and cucumbers\$4,534 65

Remittance was made to Vancouver at \$4 for tomatoes, and \$1.60 for cucumbers, totalling .. 4,040 00

The difference, namely, \$ 494 65 was used to pay freight and other disbursements, after which the balance was disposed of by taking \$30 as a handling charge, the remainder, namely \$166.33, being transferred to Suspense Account.

The profits of some of the jobbers are reported by them as follows:—

Name of Jobber	Number of crates	Average price
		\$ cts.
Stockton & Mallinson, Ltd.....	110	1 00
Lloyd Fruit Company, Ltd.....	90	0 75
Scott Fruit Company, Ltd.....	75	0 52*
P. Burns & Company, Ltd.....	90	0 74
Canadian Fruit Company, Ltd.....	83	0 61

*On basis of 55 crates accounted for.

The handling of the tomato crop in the two years, 1923 and 1924, affords an opportunity of viewing under different circumstances the operations of a jobber-broker organization. In 1923 when Mutual Brokers, Regina, was purchasing outright it kept its profits and refused to take losses; and Snow who was the agent of the growers, secretly passed the loss on to them. In 1924 when Colquhoun was told that the growers had every confidence in him, and allowed him to handle their cars on consignment, he advised his houses that,—“This should be a very satisfactory deal for us”, and then sold to them at prices which enabled some to average \$1 per crate profit, while at the same time he took overages on the three cars amounting to \$585.02, and handling charges of \$90, a total of \$675.02.

On the purely legal side it would appear that the growers are entitled to a return from the brokers of approximately \$1,200 for the two years.

(c) THE 1923 SEATTLE TRANSACTION

In August, 1923, Snow of Mutual (Vancouver) Limited spoke to Mr. Pollock of the Victoria Hothouse Association, with respect to a prospective market in Seattle. Following this conversation Pollock put up for Snow a pack of exceptionally fine tomatoes. These were shipped to Seattle on August 30, 1923. Some weeks later a return was made of approximately 25 cents a crate. Pollock thereupon wrote intimating that unless something were done he would leave the Association and no longer ship through Mutual (Vancouver) Ltd. The matter was finally settled by payment by Mutual (Vancouver) Ltd. to Pollock on the basis of \$2.13 per crate.

It appears from Snow's testimony that the sum of \$282.07, which was paid to Pollock, over and above the moneys received from Seattle, was subsequently recovered from the growers of the Victoria Hothouse Association. This was accomplished by making deductions from the sales of tomatoes, and concealing these deductions by false returns. The result was that Mutual (Vancouver) Ltd., having paid Pollock this amount, reimbursed itself at the expense of the growers other than Pollock.

It will be noted that the Price Waterhouse report on tomatoes referred to above includes among the moneys “actually paid to growers” an item of \$282.07 as “additional amount paid on shipment to Walter A. Bowen & Company, Seattle.” This is the money paid to Pollock, and shows the fallacy of an accounting with the growers en masse, rather than with the individual growers to whom separate account sales had been rendered.

4. CUCUMBERS

Under the 1923 and 1924 contracts of Mutual (Vancouver) Ltd., with the Victoria Hothouse Association, the company was entitled to a commission of 5 per cent. In both years Mutual (Vancouver) Ltd. took an additional profit of 15 cents a dozen on Vancouver sales. In 1923 this sum amounted to \$1,344.23. Unless their rights have been altered by some action of the executive binding on them, the individual growers are entitled to payment of this sum, and of the amounts deducted in 1924.

Price Waterhouse & Company's audit for 1923, prepared for Mutual (Vancouver) Ltd., contains a table reading as follows:—

MUTUAL (VANCOUVER) LIMITED

SUMMARY OF SALES OF CUCUMBERS AND RETURNS MADE TO GROWERS THEREON FOR THE YEAR ENDED DECEMBER 31, 1923

Total sales made to wholesalers and brokers, as shown by Duplicate Sales Invoices, less allowances made as evidenced by Credit Notes—

	Dozen	Amount
Victoria Branch....	9,642½	\$13,284 25
Vancouver Branch..	8,961½	12,931 39
	<u>18,604</u>	<u>\$26,215 64</u>
<i>Deduct—</i>		
15 cents per dozen on Vancouver sales—8,961½ dozen..		1,344 23
Total amount on which settlement should be made with Growers..		<u>\$24,871 41</u>
<i>Deduct—</i>		
5 per cent commission to Mutual (Vancouver) Ltd., calculated on net sales..		\$1,310 73
1 cent per crate payable to Victoria Hothouse Association as per Account Sales..	85 72	
		<u>1,396 45</u>
Net amount payable to Growers—18,604 dozen..		<u>\$23,474 96</u>
	Dozen	Amount
Total amount on which settlement was made with Growers, as per Account Sales..	18,576½	\$25,087 17
<i>Deduct—</i>		
5 per cent commission to Mutual (Vancouver) Ltd., as calculated on the Account Sales..		\$1,254 90
1 cent per crate payable to Victoria Hothouse Association	85 72	
		<u>1,340 62</u>
Total amount paid to Growers, as per Duplicates Account Sales, supported by receipted vouchers or paid bank cheques..	18,576½	<u>\$23,746 55</u>
Total amount paid to Growers..		\$23,746 55
Net amount due to Growers..		<u>23,474 96</u>
Overpaid Growers..		<u>\$ 271 59</u>

The conclusion of Price, Waterhouse & Company that there was overpayment in 1923 of \$271.59, depends on the legal question whether Mutual (Vancouver) Ltd., was entitled to retain 15 cents per dozen on Vancouver sales in excess of the commission allowed by the contract. That is ultimately a question for the courts.

It is observed that the total of \$13,284.25 given in Price Waterhouse' report is "Total Sales made to wholesalers and brokers, as shown by duplicate sales invoices, less allowances made as evidenced by credit notes." In any action brought by any grower or growers against Mutual (Vancouver) Ltd., for an accounting, the plaintiffs would be entitled to examine the allowances made, and to ascertain whether they were such as were allowed by the contract. It appears to your commissioner to be probable that certain of these allowances, and similar allowances in the case of hothouse tomatoes, may have been made without the authorization of the growers concerned. In the case of tomatoes there is no evidence that the individual growers sanctioned the payment of secret rebates to certain of the jobbers.

The comments on the Price Waterhouse report on the 1923 tomato deal (supra) apply also to this report on cucumbers.

5. BERRIES

From the point of view of the jobber berries are a most important crop. In March, 1924, Mutual Brokers, Calgary, circularized the various Nash houses in support of the berry deal, saying in part:—

Circular

CALGARY, ALTA., March 19, 1924.

All Nash Houses in Alberta,
Mutual Brokers, Ltd.,

Edmonton,
Regina,
Saskatoon,
Winnipeg.

Mr. W. E. CARRUTHERS:

GENTLEMEN:

Now, fellows, there is a lot of time, energy and money spent every year in trying to line up this berry deal, which is in your interests, and we do not need to tell you the enormous advantage it gives our organization if we can control all the berries

Yours truly,

MUTUAL BROKERS, LIMITED.

By (Sgd.) H. W. MORGAN.

In 1923 the Nash organization was assured of a supply of British Columbia berries in two ways; first through Gilland and the Pacific Berry Growers Ltd.; secondly, through the activities of Snow whose task it was, as he put it, "to keep these berry birds in line." This was an "expensive proposition," necessitating disbursements of a confidential nature. As has already been pointed out Snow interested himself in the attempt to detach Hatzic and Chilliwack from the Central.

While the British Columbia season is on, British Columbia berries are the key to the situation. There is an understanding among the fruit jobbers of Western Canada not to import American berries while British Columbia berries are available. There appear to be sound business reasons behind this understanding; for as the British Columbia crop must be marketed and does not pay duty an attempt to import American berries leads to price cutting and market disorganization.

In 1924 Mutual obtained contracts for the handling of the entire British Columbia crop. The distribution was directed from Calgary by W. E. Carruthers, who was supposed to sell at firm prices. In form this was done; but in many ways the deal was handled on a consignment basis. (See correspondence between Carruthers and Mutual Brokers, Calgary, already quoted; and reports of Regina and Calgary auditors, appendix 9.)

Correspondence has already been quoted showing agreements in 1923 and 1924 between jobbers as to the profits to be taken on berry distribution. The following further letters passing between Simington and his Alberta and Saskatchewan supervisors touch on the same subject:—

WM. COLQUHOUN,

June 5, 1924.

W. E. CARRUTHERS,

DEAR SIRS,—On account of both Missouri and Hood River berry deal failing, I feel that British Columbia berries will bring a very good price. There has been practically no preserving done in Manitoba, and as you know a large portion of the preserving requirements are usually filled from Oregon and Missouri supplies.

I believe our houses this year should get a good gross profit on their berries, as I am satisfied that the net returns to the growers will be satisfactory.

It would seem to me that none of our berries should go to the retail trade at less than 75 cents case profit with the possible exception of cities like Edmonton and Calgary.

Yours truly,

(Sgd.) J. A. SIMINGTON.

June 9, 1924.

Mr. J. A. SIMINGTON,
Winnipeg, Man.

DEAR SIR,—It is our aim in Alberta that jobbers take a profit of not less than 75 cents a case on berries; 50 cents will probably be our limit in the cities of Calgary and Edmonton. Have talked this over with the boys and am issuing a circular letter to-day featuring this.

Glad to have your dope about the preserving situation in Manitoba and think this is pretty general and certainly should help us get good price on B.C's.

Information this morning is that the Island starts shipping on Tuesday. This probably means first car leaves Vancouver Wednesday. We are going to ask a premium of at least 10 cents a case on Island berries and I figure that by Saturday morning we should name a preserving price to be effective on cars reaching destination Monday morning. Keep in touch with Davy as I will try to keep him posted on shipments and the general situation and I would like to have your views sometime Friday as to what prices we should set as the preserving price.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

Address reply to Wm. Colquhoun, Regina, Sask.

REGINA, SASK., July 3, 1924.

Mr. J. A. SIMINGTON,
Winnipeg, Man.

DEAR SIR,—We hear of Winnipeg prices being quoted as far west as Humboldt. Our principal complaint is against the Brandon houses. The Dingle Fruit Co. have been circularizing the trade as far as Balcarres on the Kirkella line, Wolseley on the main line, Stoughton on the Arcola line, and as you know, they were going down the Neptune branch. The prices that this house has been quoting have been ridiculous. It isn't to be wondered they are losing money hand over fist if they are quoting the same prices all over the territory that they have been on the Regina territory.

It was my understanding that your idea on berry profits was 75 cents on strawberries and \$1 on raspberries.

For your information, both the Pioneer Fruit Co., and Dingle Fruit Co., Brandon, quoted Gordon Head berries all over the territory at \$3.25, or 25 cents over cost.

Regarding the Regina houses working Brandon territory, this only applies to P. Burns & Co., Regina. Neither Scott nor our houses go east of Broadview on the main line, Kipling on the Canadian National Railway, and Arcola on the Arcola line, and Abernethy on the Kirkella line. P. Burns & Co. are not represented in Branch, and it would hardly be fair to ask them not to work east of Broadview, but it certainly is poor policy on our part to sacrifice profit all over the territory because one of our opposition encroaches a little on the Brandon territory.

Yours truly,

(Sgd.) WM. COLQUHOUN.

Mr. WM. COLQUHOUN,
Regina, Sask.

MINNEAPOLIS, MINN., July 11, 1923.

DEAR SIR,—I have been looking over the Jumbo reports and am particularly interested in the gross profit our houses are making on the berry deal.

I was terribly disappointed to see that Lloyd Fruit Co. grossed 12.4. I haven't the report of Stockton & Mallinson, but I imagine their gross will run about the same. Saskatoon houses exceed 16 per cent. Crown Grocery had over 18 per cent I think Regina sold their berries on a margin unnecessarily small. Our competitors were short of goods most of the time, and I don't think there was any reason why the arrangement I made with our competitors in Calgary should not have been carried out, namely, that the profit in the city should be 50 cents a case and in the country 75 cents a case.

I wish you would talk this over with the Regina boys and I would like to have them write me about this.

Very truly yours,

NASH SHAREHOLDERS CO.,

J. A. SIMINGTON.

REGINA, SASK., July 14, 1924.

Mr. J. A. SIMINGTON,
Winnipeg, Man.

DEAR SIR,—Again referring to Brandon prices on Regina territory.

The Dingle Fruit Co. issued a post card under date of July 6, quoting raspberries at \$3.25 per crate. What's the use, or sense, of us trying to make a profit in Regina when our Brandon houses are content to sell raspberries on a 45 cent margin. This Dingle Fruit Co. competition is getting to be a joke. If they continue the way they are going, no doubt we will receive an assessment instead of a dividend.

Yours truly,

(Sgd.) WM. COLQUHOUN.

July 16, 1924.

Mr. WM. COLQUHOUN,
Mutual Brokers, Ltd.,
Regina, Sask.

DEAR SIR,—The Dingle Fruit Company, Brandon, for last month made a profit on berries of 18.9 and had no stock shortage.

I do not think that they are cutting prices to any greater extent on Regina territory than Regina houses on Brandon territory.

Yours truly,

JAS/DB

(a) *Discrimination.*

Certain of the contracts with the berry growers provided that Mutual should give the widest distribution. As the "legitimate" opposition had no berries, except a few l.c.l.s. to Calgary and such like points, provision had to be made for them.

In certain places, notably Winnipeg, the "independents" who agreed to maintain prices appear to have been accorded precisely the same treatment as the Nash houses; while in others this treatment was not maintained.

For example the less than carlot book of Mutual Brokers Ltd. (Calgary), shows that on June 26, 1924, 171 crates of strawberries were received, 12 being from Notch Hill and 159 from Salmon Arm. These, according to the same book, were sold as follows:—

*To Scott Fruit Co..	40 strawberries at \$3 00
T. J. Styles Co..	25 strawberries at 3 00
Acme Fruit Co..	55 strawberries at 2 85
Mitchell Fruit.. . . .	50 strawberries at 2 85

Acme and Mitchell are the Nash jobbing houses in Calgary.

The same book shows that on July 2-3, 1924, 93 crates of strawberries were received; 26 from Boswell, 8 from Notch Hill, 54 from Salmon Arm and 5 from Armstrong.

These were disposed of as follows:—

To T. J. Styles.. . . .	10 at \$3 00
To Acme Fruit.. . . .	37 at 2 85
To Mitchell Fruit.. . . .	11 at 2 85
To Cash Sales.. . . .	2 at 2 85
To Acme Fruit.. . . .	5 at 2 25
To Mitchell Fruit.. . . .	28 at 2 25

Other examples might be given.

When asked about discrimination Mr. W. E. Carruthers, Nash supervisor in Alberta, who gave his evidence frankly, stated that he was not aware of any such practice in favour of the Nash jobbers, remarking, what is obvious, that

* On this sale amounting to \$120, and on a previous sale amounting to \$105, an allowance was made to Scott Fruit Company of \$4.

it would not be a proper practice if it existed. Mr. H. W. Morgan, manager of Mutual Brokers Ltd., at Calgary, who did not appear to give his evidence with the same frankness, was asked about the discrepancy in price in July 2-3 sales above referred to, to Acme and Mitchell respectively: He said:—

I am really in the dark on it.

Q. What possible explanation is there?—A. A possible explanation would be that is all they were willing to pay; all Mitchell was willing to pay for them after they saw them.

Q. Now out of the same lot, ten straws went to Styles for \$3 and two sold cash for \$2.75?—A. Yes.

Q. Why should Styles be paying 75 cents more than Mitchell?—A. Well, he is over there to sell berries for the most he could get at all times. If he could sell berries to Styles at \$3. I don't know the same quality; possibly Styles wanted to pick ten good berries for shipping to the country; for shipment on a country order, and possibly he let them pick them out. Possibly the other fellow took them as they come, good, bad and indifferent; or if he was able to get \$3, I would say it was good business.

Q. You knew he was doing that; he was charging as much as he could bargain for?—A. Yes.

Q. And there wasn't the same price for all jobbers any one day?—A. I knew he would get whatever he could get regardless of who was buyer.

Q. Out of one shipment he might sell Acme at a certain price and the independents at another price?—A. I wouldn't say the independents at other prices; I would say all the same boat whichever he could get the most money from he would sell. I certainly did not give him any understanding to sell to the independents at a different price; whatever he could get from each individual buyer regardless who they were.

Q. The inference then would be he could only make Mitchell pay \$2.25; Styles \$3 and he only got \$2.85 out of Acme?—A. Possibly Mitchell didn't need berries. He sold all he could to Acme and all he could to Styles. Mitchell's man didn't always come down to get berries, only if he needed them. He might get after them and tell them I got some berries, can't you use some; persuade them to come down and sell some.

The evidence of the "independents" will be found to be in conflict with this testimony of Morgan's. Styles, an independent, said about the 1924 berry deal:—

Q. Had you any reason to believe that you were being sold berries at higher prices than Mutual; than they were selling their own houses?—A. I have, yes.

Q. How have you?—A. Well, just as I explained, you couldn't give definite facts whether they were buying cheaper than what we were paying, but as I say up to a certain hour, along about eleven or noon you would hear of a cheaper price and all from the Mitchell and Acme the Nash houses.

Q. And you stopped dealing with them on account of what, shortly?—A. Why did I stop?

Q. Yes?—A. For the reason I couldn't get sufficient berries.

Q. From them?—A. Yes.

Styles was asked whether he could explain the discrepancy in price on June 26 and July 2-3:—

A. That just goes to show that they could sell cheaper than us.

Q. Yes?—A. Yes. It is 15 cents and there is even 75 cents more. It is a good thing we quit them, wasn't it? We would be out a lot of money at the end of the year. I am surprised. I didn't think they would do that.

Q. Must there not be an explanation somewhere?—A. Who would you ask for an explanation?

Q. Well, I asked some of the Mutual people and they told me in any case like that it would be because they would be getting the poorer article?—A. Oh, no; no, sir, it wouldn't. As I mentioned, these berries were loaded off on trucks by men who don't know anything about them; just know may be where they are going, addressed Mutual Brokers; they don't distribute any of that lot. . . . And I questioned Hal Morgan once. I said it seems funny berries are selling all over at a price and I said you sell your own houses and they come down in the price. Well, he says you can come and examine the books, and I didn't want to go to all that trouble. I never thought they would do that though.

Mr. J. R. Baird, manager of the Scott Fruit Company Ltd., said with reference to the same matter:—

A. That is the reason why they could sell cheaper and as a matter of fact when they sold at the regular price they were just making that much more profit, and when they wanted to unload in the afternoon or around noon they were able to do it. There is the evidence of it right there.

The Calgary manager of P. Burns Company, Ltd. gave evidence that he ceased to buy berries in 1924 from Mutual Brokers Ltd., Calgary, because he had come to the conclusion that he was not getting a fair distribution of the better kind of berries, which he considered were going direct to Nash houses in country points. Your commissioner has not verified this suggestion which is denied on behalf on the Nash organization.

A similar case of discrimination in favour of the Calgary Nash houses is found in the case of car 5566, more fully treated below. In that case rebates of 75 cents a crate from an original invoice price of \$2.75 were made to two Nash houses; no rebates being given to the independents.

In this connection it may be mentioned that in many cases Mitchell, a Nash house in Calgary, received better prices than Acme, the other Nash house. The differences varied from 10 cents to 50 cents and more a crate. A reason for this practice may perhaps be found in the fact that Acme's business and net profits are about double that of Mitchell, and its per cent cost of doing business is considerably less.

(b) *Winnipeg.*

Winnipeg, which draws its main berry supplies from Missouri, Mississippi, Oregon and British Columbia, absorbed in 1924, about six cars of berries a week. The berries from Missouri and Mississippi appear before the British Columbia crop is ready, but the Oregon season overlaps that of British Columbia. There is, however, not only a tacit understanding among the brokers and the seven large jobbers in Winnipeg, not to import berries from the United States so as to break the British Columbia market when in supply; but a formal resolution passed in 1923, on the books of the Winnipeg Fruit Jobbers' Association, to the effect that the members of that Association agree not to import American strawberries in competition with those of British Columbia.

In 1923 there was, as has already been pointed out, a "split deal" in British Columbia berries, the "independents" having the berries of the Berry Growers Co-operative Union of B.C., while the Nash houses drew their supplies from Vancouver Island and from the Pacific Berry Growers Limited. Both the Growers Sales Agency Ltd., and the Mutual Brokers adopted the policy of selling berries only to their own jobbing houses. Mr. G. H. Florence, general manager of Growers Sales, at one time took the stand that in order to give the widest possible distribution berries should be sold to all jobbing houses where there was no question of financial ability to pay. However, the four Growers' Sales jobbing houses ordered him not to sell in the "north end" where there were two large jobbing houses not members of the Winnipeg Fruit Jobbers' Association. This policy of confining distribution probably reduced the consumption of berries in Winnipeg by about a car a week. In 1923 there was a certain amount of competition in berries; for within the permitted channels of distribution to the retail trade there was an ample supply, and at times an over-supply, the two different groups bringing in cars in competition with each other. At the Wednesday luncheons of the seven large jobbers, there was usually discussion as to what would be a proper selling price for berries, but these prices were not always adhered to, and under the qualified competition which existed the profits of the jobbers were not excessive amounting to about 9.8 per cent on sales.

In 1924 Mutual (Vancouver) Limited obtained contracts for the distribution of all British Columbia berries. (See appendix 8 for copies of contracts.) Mr. Carruthers at Calgary acted as distributor for Western Canada, and filled orders for Winnipeg as wired to him by Mutual Brokers, Winnipeg, or by J. A. Simington. Supply for Winnipeg was carefully regulated, cars being rolled at about the rate of one a day and there was no over-supply. As a result profits for the 1924 season increased from the 1923 figure of 9.8 per cent to 15.7 per cent. This is a very high figure for an average profit; for the cost of doing business in the berry season does not on the average exceed 11 per cent on sales; while the rate of turn-over is about six times a week. These are profits which could not be taken under a regime of competition.

As the Nash organization had to distribute the whole of the British Columbia crop, it was not to their interest to import American berries. Accordingly, to enable them to take a good profit and eliminate competition, they arranged with the three large independent jobbers to divide berry cars with them. This would appear under the circumstances and from the point of view of the Nash interests to have been a move dictated by business considerations and not one made out of sentimental regard for the British Columbia growers. Your commissioner has found little sentiment in the fruit business. In 1923 when the Nash interests had only half the British Columbia crop to market, they did not import American berries during the British Columbia season. It is difficult to see what object they could have had in importing American berries in 1924 with the whole British Columbia crop to handle.

The form the transaction took was for Carruthers to wire car numbers and prices to Mutual Brokers, Ltd., Winnipeg, who sold to Bright & Emery Ltd., one of the Nash jobbing houses. Bright & Emery then resold to the various jobbers, including themselves, at an advance of $2\frac{1}{2}$ cents a crate on Mutual's price. For this remuneration of $2\frac{1}{2}$ cents a crate, or about \$20 a car, Bright & Emery Ltd., supplied a checker at the car door as berries were being unloaded; sent out accounts to the other six jobbers, and remitted the purchase price to Mutual Brokers, Ltd. This is all service that could have been rendered by Mutual Brokers, Ltd.

The services of Mutual Brokers, Ltd. at Winnipeg consisted in the receipt and dispatch of on an average four or five wires per car; the billing of Bright & Emery and the transmission of moneys to W. E. Carruthers.

Mutual brokers also made adjustments on price with Bright & Emery from time to time. Their remuneration came from W. E. Carruthers, who divided among the different brokerage offices, the 5 per cent remuneration provided by the contract. The share of Mutual Brokers, Ltd., Winnipeg, was about three-fifths of the 5 per cent or from \$40 per car up. This was a higher remuneration than is usually received for handling cars; and should at least have resulted in more than usual care being taken to obtain from the jobbers the maximum possible price.

The method of handling cars by selling to one jobber, who in effect acted as purchasing agent for all participating jobbers was not such as to get the maximum result for the growers. It increased the bargaining power of the jobbers, who were thus allowed to deal as a unit. Had berries been offered to all jobbers by Mutual Brokers at definite prices on a "take it or leave it" basis there would have been competition among the jobbers for supply, and either higher returns for the growers, or lower prices to the consumers.

It appears moreover, that Mutual Brokers, Ltd., and Mr. J. A. Simington were in effect handling the berry transaction at Winnipeg on what amounted to a consignment basis; for they endeavoured to set prices or make adjustments which would result in the jobbers obtaining profits of about 15 per cent on sales, rather than in selling to the jobbers at the highest prices.

Further, some cars were sold to Bright & Emery at prices which enabled the jobbers to make much more than 15 per cent. Thus on cars 280880, June 17, 1924; 280602, June 20, 1924; 280660, June 24, 1924; 280652, June 18, 1924, the profits of the jobbers varied from 21 per cent to 39 per cent on sales. It is difficult to understand why the cars were disposed of at such prices unless it was with the object of giving the jobbers certain average profits. This is what was done on car 280,858 on which car, as appears below, Simington made an adjustment in order to make up for an alleged loss of the jobbers on a car already sold. This was most highly improper. It was a deliberate application of money belonging to the growers to the profits of the jobbers; and evidences the prejudicial nature of the jobber-broker connection.

(c) *Specific Cars:*

280858—Winnipeg—June 14, 1924:

This car containing 816 cases of berries was shipped on consignment by Mutual (Vancouver), Ltd. to Mutual Brokers, Ltd., Winnipeg. On June 11, 1924, Carruthers wired Mutual Winnipeg, that the car would arrive Winnipeg Friday morning (the 13th), price \$3.75 delivered Winnipeg.

The next day (June 12) after requesting the seven jobbers to make a \$4 price to the retail trade in order to get movement on berries, Simington wired Carruthers with reference to this car: "If to-morrow's car arrives good, can pay three-fifty." This would give the jobbers 50 cents a crate without any adjustments.

The next two wires give an extraordinary story, and indicate that Simington was acting more in the interest of the jobbers than of the growers. It appears that the jobbers complained to Simington that on a previous car, 280626 (which had been sold at a firm price after inspection, to Bright & Emery, and by them resold to the jobbers) they were not making money. Simington, thereupon wired to Carruthers on June 13 as follows:—

If possible make (280) 626 two seventy-five. I pinched this too hard. Very bad condition this morning; large quantity sold two dollars to-day. Answer. Saw few cases (280) 858 mould throughout. Will wire adjustment later.

Carruthers replied as follows:—

Already wired definite settlement 280626 at three dollars. Prefer you make adjustment to apply 280858 making it much easier for me to handle.

Car 280858 was accordingly disposed of to Bright & Emery at \$3.75 less an adjustment of \$1.75, or \$2 net. This was an extremely heavy adjustment, which if it had been based on condition alone, would indicate that the berries were in a deplorable state and had to be sold at a salvage price.

The growers were informed that the adjustment was made for this reason, for on June 14, Mutual Brokers, Winnipeg, wrote Carruthers as follows:—

Re File No. 4799; Car 280858: Mr. Simington arranged a price on this car to-day of \$2, it being worse than any car that has arrived yet, and there could be no discrimination made in connection with any certain pack of stuff being good or bad, it all showing very heavy mould through water-soak.

We enclose you the inspection report, and copy of notice of claim report. The original notice of claim report we to-day mailed to Mr. Knox of the Dominion Express Co. We signed for this car as "showing very heavy mould."

The notice of claim was for \$1,200 against the Dominion Express Company for alleged damage to the fruit caused by the Express Company. The claim was never prosecuted or followed up and nothing was ever paid on it.

It should also be pointed out that no Government Inspector saw the car, which was the only car of which inspection was missed in 1924. When Mr.

Gow, the Government inspector, arrived as usual some time before 8 a.m. to make his inspection, he was told that the car had already been distributed. Instead of a Government inspection report, a report was made by G. Stevens, an employee of Bright & Emery, which described the berries as "soft showing heavy mould."

Where an allowance of so extraordinary and exceptional a nature is made for condition there should be very heavy shrinkage in the berries and low returns. There was practically no shrinkage, and the berries sold in many cases as high as \$4 a crate. Heavy profits were made by the jobbers. Cran, Mowat & Drever, whose invoice totalled \$198.45, sold their berries for \$361.50; making a profit of \$163.65 on 98 crates, or an average of over \$1.66 a crate; the Rogers Fruit Company made a profit of \$198.30 on an invoiced total of \$396.80 on 196 crates, and the average profit of all participating jobbers was over 33½ per cent on sales.

When Carruthers was advised of the adjustments on this and another car he wired and wrote Simington as follows:—

CX CALGARY, ALTA., June 14, 1924.

J. A. SIMINGTON,
c/o Mutual Purchasing Co.,
Winnipeg, Man.

Beyond me why adjustments so severe last two cars especially when jobbers working together and no local shipments certainly for your province was no glut and must be awful condition. Suggest you wire Snow fully these cars. Help calm shippers' temper. . . .

(Sgd.) CARRUTHERS.

June 14, 1924.

Mr. J. A. SIMINGTON,
Winnipeg, Man.

DEAR SIR,—I wired you to-day suggesting that you wire Mr. Snow fully regarding adjustment on those two cars which were sold at \$2 and \$1.75.

Frankly we would have done much better had we pushed through more berries in Alberta at a lower price by meeting competition on l.c.l's., and certainly had we known that the quality of these cars was questionable would have done so and been much farther ahead. As pointed out in my wire, the condition of these berries must have been horrible, or your general conditions in Manitoba very unusual when you were obliged to put these in at \$1.75 and \$2 to the jobbers.

It is certainly gratifying to me to know that you are on the ground there and taking active interest in this berry deal, and I felt a wire from you would help George considerably to calm the temperament of the shippers.

I have this in mind and no doubt you agree with me, that where you have an arrangement such as you have in Winnipeg where all the jobbers are working on the same basis without outside competition either from American berries or l.c.l's., certainly the jobbers should not be so severe as they would be in a market like Calgary where every train coming into the city makes the situation worse. We got away here with two part cars at \$4 and another part car at \$3.25, and had we known that berries were not cleaning up as well in Saskatchewan or Manitoba would have lowered our price and put more through. Let us hope that with the low price Monday in addition to your advertising that we will have a keener demand.

You might tell Davie that shipments are now four cars daily, weather is reported warm, and I presume we should hit the peak about Friday of next week.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

WEC/MA

It is impossible to avoid the conclusion that in this car the jobber-broker connection was operated in the interest of the jobbers rather than that of the growers, and that the heavy adjustment of price was made with the view of maintaining the earnings of the jobbers at a high level. Mr. Simington's explanation is that he made a "mistake" in the condition of the car.

Car C.P. 5566—Calgary & Edmonton—July 2, 1924:

At about 5 p.m. on July 2, 1924, the Co-Operative Fruit Growers Association of Wyndell, B.C., commenced loading car C.P. 5566, with strawberries. Loading was completed at noon July 4. The car was under pre-cooling fan system during time of loading, and up to the time of rolling at noon July 5, the highest temperature being 52 degrees.

The car which contained 918 crates was forwarded by Dominion Express, and was iced at Cranbrook and Lethbridge, and arrived Calgary on Sunday, July 6, with ice bunkers three-quarters full.

At Calgary 340 crates were unloaded that day and sold by Mutual Brokers, Ltd., as follows (invoice dated July 7):—

P. Burns & Company, 75 cases at \$2.75.. . . .	\$206 25
T. J. Styles & Co., 40 cases at \$2.75.. . . .	110 00
Scott Fruit Co., Ltd., 50 cases at \$2.75.. . . .	137 50
Acme Fruit Co., Ltd., 100 cases at \$2.75.. . . .	275 00
Mitchell Fruit Co., 75 cases at \$2.75.. . . .	206 25

The same day, namely, July 6, W. E. Carruthers, Nash supervisor for Alberta, wired Mutual Brokers at Edmonton: "578 strawberries going you excellent condition."

At 2 p.m., July 7, Mr. M. P. McNeill, Dominion Government Fruit Inspector, Calgary, inspected 4 crates from this car out of a lot of 15 in the office of Acme. His report reads:—

Condition of pack—Boxed full.

Size—Medium size.

Other blemishes and defects—Many boxes little soft but no mould showing.

Maturity, Decay—Well matured; no decay.

Mr. Baird, manager of the Scott Fruit Company, Calgary, testified as to Scott Fruit Company's lot of 50, saying: "As far as I am aware it was the finest lot of berries I had all season." This company sold some of the crates as high as \$3.75, and made an average profit of 70 cents a crate, or 20 per cent on sales.

At 2.15 p.m., July 7, J. Pirie, manager of Mutual Brokers, Edmonton, wired W. E. Carruthers:—

Find out how long this strawberry car was in loading. Berries in back of car simply terrible. Confidentially are not worth express. Will wire you on raspberries in half an hour; having another meeting few minutes on strawberries.

Ultimately the car was sold by Mutual Brokers, Edmonton, to the following purchasers at a flat price of \$1.75, or \$1 less than the Calgary price.

Victoria Fruit Co., Ltd..	92 crates.
Royal Fruit Company, Ltd..	101 "
Plunkett, Savage & Sutherland.. . . .	98 "
P. Burns & Company, Limited.. . . .	92 "
Scott Fruit Company, Ltd..	92 "
Brown Fruit Company, Ltd..	102 "

After sales had taken place at this price at Edmonton, Carruthers and Morgan, manager of Mutual Brokers, Calgary, adjusted the price for the two Nash houses in Calgary, reducing it from \$2.75 to \$2. The invoices were altered accordingly. No adjustment was made for the three independent jobbers at Calgary.

Usually the records of Acme and Mitchell are sufficiently accurate to permit of any transaction being followed through to a definite conclusion. This is not so in this case. Mitchell's lot record shows sales of $54\frac{1}{2}$ cases at \$158.85, or an average of \$2.91 a crate. The balance $20\frac{1}{2}$ cases is shown as "shrinkage"; but there is no shrinkage report on file; nor does the weekly "Jumbo" report of Mitchell to Carruthers show any shrinkage for berries for that week. Similarly Acme cannot account for 34 cases.

Two Edmonton jobbers have reported profits of over 33 per cent on sales, or about 90 cents a crate, and one 29 per cent on sales. Two other jobbers have reported their profits to be 20 per cent; while one has certified to profits of only 10 per cent.

Carruthers account sales to the growers simply reported 918 straws at "various" prices, total \$1,818.25.

The correspondence justifying the low return on this car is as follows:—

On July 7, Carruthers wired Wyndell Co-Operative:—

... 5566; over 300 unloaded here last night, berries lifeless and jobbers selling best advantage. Balance car being handled Edmonton to-day. They report very bad shape, saying three to four hundred berries one end of car simply terrible, apparently too long in assembling; result on this car be very low. Sorry discouraging reports but working hard for you under circumstances. . . .

(Sgd.) CARRUTHERS.

It is evident from what has been said above that the 300 unloaded in Calgary were not lifeless, and it is not clear what Carruthers meant by the phrase, "Working hard for you under the circumstances."

On July 10, 1924, W. E. Carruthers wrote the Co-Operative Fruit Growers, Wyndell, B.C., as follows:—

CALGARY, July 10, 1924.

Co-operative Fruit Growers,
Wyndell, B.C.

GENTLEMEN,—We are enclosing our cheque on cars 5554 and 5566, one being handled in Saskatchewan and the other in Alberta. We did better than we thought we would on car 5554, and I am satisfied with the exchange of correspondence on 5554 that the jobbers handled this car without profit. On car 5566, which was handled in Alberta, I wired you of the condition of same, and that returns would be disappointing as I knew from the condition of the berries that they would not stand up, and particularly on the portion handled by Edmonton it was discovered that a large percentage of the berries in one of the ends of the car were of very little use.

Returns on car 5522 will be equally disappointing according to wires received, and our broker at Regina advises us that the jobbers are doing their utmost to get the last cent out of them for you.

After the splendid returns we got for you on the majority of your cars it is discouraging indeed for us and will be for your growers, to get low returns on the tail end cars, but on the whole your growers may consider themselves fortunate indeed, as your average returns will far exceed returns obtained from coast shippers. Just as soon as we get returns on car 5522 and your last car 5647, will forward same promptly.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

P.S.—We have had as many as eight cars of raspberries to handle and this has killed the sale of strawberries even though they had been excellent quality.

CALGARY, July 11, 1924.

Co-operative Fruit Growers,
Wyndell, B.C.

Car 5566—File 98

GENTLEMEN,—We sent you our cheque yesterday for the above car but failed to attach the express receipt. We are sending you this herewith together with an inspection report from the Government Inspector, also one from our broker at Edmonton. The Government Report shows these berries as being mouldy, and small, etc., which our broker at Edmonton endorses; his report also bears the notation that the car smelled abominably, apparently due to the fact that it had recently carried fish.

It has occurred to me that you might want to lodge a claim with the carriers on account of them furnishing you with a car that had recently contained fish, and which might have been the cause, to a certain extent anyway, of these berries falling down. They might have a come-back, and tell you that if the car wasn't suitable

to you you shouldn't have accepted it, which of course is quite true, but just the same we would suggest you entering claim and we hope the carriers will entertain it.

Your truly,

(Sgd.) W. E. CARRUTHERS.

The Government Inspector's report, made 2 p.m. July 7, is signed by W. E. Goodale, Dominion Government Inspector at Edmonton. He gives fruit temperature 44; temperature outside 66, and reports on "Condition of car" as "Good" and on "Maturity-Decay" as "Fair to good—see details." The details cover 28 crates out of 365, three of which contained small berries, 23 mouldy and 2 bad mould.

The broker's report, made at 8.30 a.m. July 7, is signed by W. E. T. Stuart, which gives temperature of fruit 44, and states:—

Car smelled abominably—smell not from berries—believe same car which was used here for week or two to store fish under refrigeration, which we believe accounts for smell. It was awful. Berries near door comparatively good with slight mould, the further back the worse, and end of car practically useless.

Further evidence of the bad condition of the berries was supplied by one P. O. Collins, an employee of the Dominion Express Company, who endorsed in red ink on the express the following:—

Berries in very bad condition. Car smell abominably. Smell not caused by berries.

In view of the conflicting nature of the reports on these berries, and the emphasis on the "abominable" smell of the car, your commissioner caused the history of this car to be traced. It is now admitted that the person who first started the report that this car was used to store fish at Edmonton was in error. He mistook the number of car 5566 for that of another car used to store fish. Car 5566 had not been loaded with fish for months, and since the beginning of 1924 had been travelling between Winnipeg and Vancouver and other points either empty or loaded with groceries and berries.

Car 280570—Regina—June 28, 1923—Pacific Berry Growers, Ltd.

This car arrived Regina, on June 28, and was invoiced out as follows:—

	Cases	Amount
Walker Fruit Company..	120	\$ 360 00
Weyburn Grocery Company..	80	240 00
Rex Fruit Company Ltd..	340	1,020 00
Canadian Fruit Co., Ltd..	228	684 00
	768	\$2,304 00

Later, credit notes were passed as follows:—

Walker Fruit Company..	\$ 90 00
Weyburn Grocery Co., Ltd..	32 00
Canadian Fruit Company..	63 75
Rex Fruit Company, Ltd..	124 00
	\$309 75

On July 7, Carruthers wired Mutual, Regina:—

Disappointed returns car 570; it looks to me jobbers handled consignment; cannot believe one of Gilland's cars off to that extent at that time. Your returns not accompanied by growers' numbers, and must insist hereafter you report here, as dislike statement of that kind going direct Vancouver.

On July 14, after other correspondence, Mutual, Regina replied as follows:—

You have mentioned on this particular car about letting the jobbers handle on consignment. It was our understanding with Mr. Colquhoun at the first of the season. that last year our houses handled the berries for practically no profit at all, and that this year they were at least to get their 15 per cent. They have not been getting this by any means. There have been some cases where it is impossible to simply mark off so many bad ones and so many good ones and job the bad ones, but on any credits that have gone through we had had a detailed statement of all sales, and understand Mr. Colquhoun is writing you regarding this to-day.

Car 280706—Regina—June 15, 1923—Pacific Berry Growers, Ltd.

On June 11, 1923, on a short market Mutual Regina confirmed the purchase of a car of berries at \$4.25. The berries were duly invoiced out by Mutual, Regina to Mutual, Saskatoon, and to some ten jobbing houses at \$4.25, but as there was a 17-hour delay in the arrival of the train, and the berries were consequently met by the competition of some Seattle importations Colquhoun reduced the price of the 226 crates to Mutual, Saskatoon, to \$3.70, and made adjustments to \$4 in the case of four jobbers. On June 16, Mutual, Regina, wired Carruthers as follows:—

Car 280706 arrived yesterday seventeen hours late; delayed number two. Berries appeared satisfactory on arrival but fell down immediately unloaded. Top berries appeared fresh, lower berries older. Had car arrived on time berries would have been better and also would have been all sold before arrival opposition's Seattle berries six hours later costing three-fifty delivered. We settling bases whole car four dollars delivered. Colquhoun handling adjustments. Hurry information three rolling car.

The account sales of Mutual, Regina, to Pacific Berry Growers, Ltd., did not disclose the true nature of the transaction. It read as follows:—

768 Crates strawberries at \$4.. . . .	\$3,072 00
Less express.. . . .	480 40
	<hr/>
	\$2,591 60

Nor is that all the story, Mutual Brokers, Regina, appear to have "protected" Saskatoon not only to the extent of \$124 (by the adjustment of price from \$4.25 to \$3.70) but also to the extent of a further \$40 as appears by the following:—

July 4, 1923.

THE MUTUAL BROKERS LTD.,
Saskatoon, Sask.

GENTLEMEN:

Our file 183; Car 280706

Mr. Colquhoun wrote you regarding your loss on the above car, and we are enclosing herewith credit note for \$124, which was all the money we had available on that car.

We had another car from Gilland and took off \$40 to help you out on this car, and also enclose credit note on that car too.

Yours truly,

THE MUTUAL BROKERS OF REGINA LTD.,

Per. *Manager.*

GNS/AW—2 Enc.

An adjustment of \$124 on the car itself is one thing; an adjustment of \$40 on another car to meet losses on the first car is another.

Car 280714—Regina-Saskatoon—July 30, 1923:

This car was billed out by Pacific Berry Growers, Ltd., as containing 668 crates. On July 30, G. N. Smith, manager of Mutual Brokers of Regina, Ltd., wrote W. E. Carruthers:—

The above car contained considerably more crates than shown in your wire of the 27th inst. Our check showed 768 crates.

For this car Mutual (Vancouver) Ltd., received returns from Mutual Brokers at Regina and Saskatoon, accounting for the following:—

Rasps	Blacks	Logans	Total	Total
524	241	3	768	\$2,357 56
Less freight.. . . .				490 60
				<hr/>
				\$1,866 96

The account sales rendered to the shippers by Mutual (Vancouver) Ltd., was for:—

Rasps 526	Blacks 139	Logans 3	Total 668	Total \$2,102 56
Less freight				490 60
				<hr/> \$1,611 96
Less commission				80 60
				<hr/> \$1,531 36

An affidavit by one W. R. Williams, secretary-treasurer of Pacific Berry Growers, Ltd., has been filed, stating that all moneys due on this car have been fully paid. In spite of this affidavit the conclusion of your commissioner is that at least \$200 (being the difference between \$1,866.96 and \$1,611.96, less an overpayment of \$55 on a subsequent car), belongs to the Pacific Berry Growers, Ltd., and should be repaid to them. Mr. Sinclair, counsel for the Nash interests has informed your commissioner that he also is of the opinion that the moneys retained are the property of the growers. They belong neither to broker nor jobber, and can only belong to the grower.

It appears that on car 280630, which was a combined Pacific Berry Growers Ltd. and Shook car, there was an overpayment to the growers about this time. Miss Gibson, book-keeper of Mutual (Vancouver) Ltd. has submitted a statement dealing with these two cars in which she says, *inter alia*:—

This overpayment of \$55 was taken care of in the underpayment of \$255 in No. 1 car, C.P. 280714, which left \$200 to take care of the 100 B. berries not shipped in car 280714, but remitted to us by W. E. Carruthers.

This statement indicates an extraordinary point of view for it seems to suggest that an overpayment on a car owned jointly by "A" and "B" reduces an indebtedness to "A" in respect of moneys due to "A" on another car.

Various Cars:

The following letter from Mutual (Vancouver) Ltd. to W. E. Carruthers indicates that in these matters there was no sense of trusteeship, and that there was a disregard of the most elementary duties of an agent in accounting to his principal.

August 20, 1923.

W. E. CARRUTHERS, Esq.,
Calgary, Alta.

Attention Mr. Reader—Re Commissions

DEAR SIR,—This letter is in explanation of commissions listed on accompanying voucher:—

—	Car	Sales	Exp.	Gross	Net	Comm.
		\$ cts.	\$ cts.		\$ cts.	\$ cts.
Rec. 20-B.....	280532	1,952 66	473 20	.....	1,479 46	73-97
Rec. 7-B.....	280630	1,098 58	477 27	.....	621 31	31 07
Rec. 4-B.....	280704	1,283 50	477 49	.....	806 01	40 30
Rec. 21-B.....	280686	1,720 44	491 75	.....	1,228 69	61 43

Record No. 21-B was 12 crates over where Record No. 4-B was being held up because it was 15 crates short, so with Mr. Carruthers' sanction we performed the feat of making 15 crates equal the amount realized on the 12 that were over, which then made these two cars come out according to the shippers' count.

Record 7-B is 19 crates short but we are trying to convince the shippers that the check out of 731 crates is O.K.

Record 20-B was 9 crates short but we made the 809 (being the shippers' count) equal the amount of money received for the 800 crates.

Record 19-B: Car 280630: We to-day received Account Sales from you for 100 blackberries amounting to \$200. This car was closed out on the basis of our statement and letter to you of the 18th inst., but we are retaining this amount as Mr. Carruthers is under the impression that car 280714 hardly went out with 668 crates in it and thinks this should have been 768, and that we will later hear from the shippers in this connection.

Yours truly,

MUTUAL (VANCOUVER), LIMITED.

KAG/Encls.

(d) *False balancing of quantities.*

It was a general practice of which many examples might be given to make returns accord with the quantities which the growers advised as shipped. Snow attempts to justify this on the ground of saving correspondence and time. His company was paid to perform the duties of an agent and the rendering of true returns is one of these. Unless the growers' broker checks and reports quantities the grower has not that independent check on the packages and on the work of loaders to which he is entitled.

(e) *Regina Rebates on Berries—1923-1924:*

It appears from the above, and an inspection of the books of Mutual Brokers, Regina, and of the various jobbing houses in Regina, that the practice was to hand berries to the jobbers to sell on consignment. This was done when no question arose of having to move soft berries, or of relieving a glutted market. Such a practice was contrary to the terms of the contract with the growers.

Further, on many of these consignment transactions heavy rebates were allowed the jobbers, on the ground that they had allowed similar rebates to the retail trade. It appears on examination, however, that in many cases the totals of the rebates allowed to retailers were considerably less than the credits allowed to jobbers. This practice resulted in the jobbers getting secret and improper profits; for as they were handling the berries on consignment, they were entitled to no more than their commission.

Moreover, Stockton & Mallinson Ltd., a Nash jobbing house, had an understanding with McBrides Limited, a company operating a chain of retail stores in Regina, under which arrangement McBrides Ltd., received an allowance of 50 cents per case on all berries purchased by them. The moneys so allowed were deducted by Stockton & Mallinson, from the returns to Mutual Brokers, as a quality rebate when they were in fact given as a quantity rebate, to secure the business. For Stockton & Mallinson Ltd. to reimburse themselves in this way at the expense of the growers was highly improper.

(6) CAR 286942—ASSOCIATED GROWERS OF B.C.—ONIONS

The following transaction is given in some detail as illustrating the deplorably loose way (to use no stronger term) in which the interests of the growers are protected by brokers under the present jobber-broker system.

On March 18, 1924, Mutual Brokers, Edmonton, confirmed an order for certain "Standard" and "Sample" onions, for shipment March 27. On March 28, Associated Growers invoiced Royal Fruit Company as follows:—

80 sacks Onions "Standard".....	\$	177 97
291 sacks Onions "Samples".....		563 40
		<hr/>
Freight prepaid.....		741 37
		209 80
		<hr/>
	\$	951 17

This was an outright sale and not a consignment.

The car arrived Edmonton, April 4, and on April 5, Mutual Brokers, Edmonton, wired:—

Royal and Brown very disappointed with onions; claim will have big shrinkage as they not dry; smelling warehouse out now; quite number soft, thick necks mixed in samples; are exceptionally small; please protect; Associated 4343.*

Other telegrams passed on April 7, 8, and 9, as follows:—

VERNON, April 7, 1924.

MUTUAL BROKERS LTD.,
Edmonton.

Kelowna reports onions freshly re-sorted, dropped one grade to assure being well within Act; claim no wet stock, thick necks. Cannot fathom your inspection report. Please personally give two sacks in each lot minute inspection sending full details promptly, also advise quickly best possible adjustment consignee will accept. Onion dope, less than one car in Valley, market firm. Customer should give us benefit increase in market. 4343.

ASSOCIATED GROWERS.

EDMONTON, April 8, 1924.

ASSOCIATED GROWERS,
Vernon, B.C.

Wire received. No life these onions consequently willing deliver whole or part samples to any other Edmonton jobber. Examined three sacks each and my estimation standards alright but samples small. Quite number of slip skins and absolutely lifeless. Had many complaints from retailers. Will watch your interests carefully.

MUTUAL BROKERS.

VERNON, April 9, 1924.

MUTUAL BROKERS,
Edmonton.

Coast market onions mighty strong and have sold as sample grade. Satisfied no objection can be taken by retailers late in season. Cannot expect October quality. Will leave it to you fully protect our interests. Growers naturally looking forward good price account long storing careful regrading and passing Government inspection, Associated 4343.

ASSOCIATED GROWERS.

On April 17, Associated Growers wrote as follows:—

Associated No. 4343—C.P. 286842

Although we have had a couple of telegraphic exchanges in connection with the condition of the Sample Grade Onions, no definite word has as yet been received as to what the final adjustment was. The draft has been returned and we certainly would like to get this deal cleaned up without further delay.

So far as the grading of these onions, we are satisfied that they were Sample grade, having passed the Government inspection, and that is all that is really required. For your information would say that all Dominion Inspectors have received explicit advice from their Chief in Ottawa to the effect that onions with the outer skins broken at this date in the season are to be passed as "up to grade." These slip-skins occur through sorting and grading, and the flesh is not injured in any way. This is the view taken by the Department, and think you will agree it is very fair.

With this in view they need not look for a material reduction in the invoice price whatever, and hope you will favour us with your cheque in the very near future. Remember, Babe, the market on the coast, in fact all over, is mighty strong and we do not anticipate any appreciable loss on this car.

Royal is said to have delivered to Brown Fruit Company, on April 4:—

40 sacks "Standard"
145 sacks "Samples":

but no invoice was found covering this delivery, and about two weeks before Brown is said to have received other British Columbia onions from Royal.

No settlement was made on any of these onions until June 10, when by a cheque for \$222.26, standards and their portion of freight (calculated at \$44.29)

*NOTE:—There is something peculiar about this telegram. No original is on the file of Associated Growers. Three copies have been found in the files of Mutual and Associated, but these differ materially in wording. The Copy of Mutual Brokers does not mention 'Brown'.

were paid in full. Four days later Royal sent Associated a cheque for \$228.67 in payment of the balance of \$728.90 due for "Samples" and their portion of the freight. This was practically \$500 less than the balance due as per invoice.

Whether this transaction was, with the consent of all parties, handled as a consignment is a legal question depending on evidence and need not be determined here. In any event some sort of accurate record should have been kept, and Mutual Brokers, Edmonton, should have acted vigorously on behalf of the growers.

The following points are noticed:—

- (1) The Lot Record of Royal was made up June 11, though dated April 11.
- (2) It shows the following receipts:—

"Standards".....	80		
"Samples".....		291	
Total.....			371
of which Brown,—			
Received.....	40	145	185
leaving Royal, with—			
Standards.....	40		
Samples.....		146	186

(3) Royal's Lot Record shows sales of only 39 sacks. The balance is accounted for by shrinkage 152 sacks. This makes a total of 191 sacks or 5 more sacks than on hand in this lot.

- (4) The shrinkage shown is as follows:—

April 22.....	1 sack
" 30.....	3 "
May 2.....	1 "
" 8.....	5 "
" 9.....	2 "
" 10.....	5 "
" 13.....	2 "
" 14.....	2 "
" 19.....	4 "
" 21.....	2 "
" 25.....	125 "
	<hr/> 152 "

With respect to this reported shrinkage the following observations are made:—

(a) If this record be correct presumably one sack only of Royal's 40 Standards went bad; for the Standards were paid for in full; while all Royal's 146 sacks Samples became bad.

(b) Brown does not appear to have had shrinkage in excess of 69 sacks, for in country and cash sales binders invoices have been found apparently dealing with Samples out of this lot, accounting for 76 sacks. The city binder in which presumably other invoices relating to this lot would have been found, was missing.

(c) When Mr. Syverson of the Royal Fruit Company was questioned with respect to the extraordinary shrinkage of 125 sacks on May 25, he said that the sacks were not sent to the city incinerator, as he wished to avoid the charges there, and that the sacks were sent into the country with a farmer in lots of 20 or 30 sacks at a time.

(d) It is noted that Royal had three other onion transactions in the spring of 1924, totalling 926 sacks. Of these, 193 were Australian Browns bought from the Brown Fruit Company, and the balance were onions from the Associated Growers. According to Royal's Lot Records there was apparently a shrinkage of only five sacks in these 926.

Your commissioner has found that clerical mistakes not infrequently occur through shrinkage in one lot being charged against another. It may or may not

be significant that an examination of the four lots of onions handled by Royal from 8th February, 1924, to 4th April, 1924, shows the following discrepancies:—

Lot	Discrepancy
452.....	106 not accounted for
485.....	4 too many
543.....	37 not accounted for
586.....	5 too many
	<hr/> 152

It may be no more than a coincidence, but the shrinkage charged against lot 586 is 152.

The Records of Brown Fruit Company are equally unsatisfactory. It appears that Brown keeps no shrinkage binder, and has no shrinkage reports. Two lots of onions had been received about the same time and no one in the office was able to ascertain which was the lot under investigation. Moreover the city charge binder could not be found.

The settlement for the samples for \$228.67 appears to have been an arbitrary settlement not representing any actual transaction:—

(1) Royal arrived at the amount of the cheque as follows:—

Freight paid on Samples.....	\$	165 51
Returns on Sample Onions.....		63 16
	\$	<hr/> 228 67

(2) Two days after mailing Associated its cheque for \$228.67, Royal invoiced Brown for \$114.33 being one-half the amount. The invoice was as follows:—

Return on Sample onions.....	\$	31 58
Freight on Sample onions.....		82 75
	\$	<hr/> 114 33

(3) The Lot Record of Royal is an extraordinary document. After showing sales of 39 sacks realizing \$104.79; rebates of \$13.55; divided car sales to Brown—

40 sacks.....	\$	111 13
145 sacks.....		114 33
185 sacks.....	\$	<hr/> 225 46

and shrinkage 152 sacks, it then ends with the following:—

Our sales total.....	\$	104 79
Commission 15%.....		15 72
	\$	<hr/> 89 07
Rebates.....		13 55
	\$	<hr/> 75 52
Realized.....		225 46
Brown's portion.....		
	\$	<hr/> 300 98
We paid in on Standard and Samples.....		450 92
	\$	<hr/> 149 94
Our loss.....		

This, if correct, shows an apparent deliberate overpayment to Associated of \$149.94. Deliberate overpayments are not often found in the fruit business.

(4) None of these records agrees with Account Sales rendered by Royal to Associated, which reads as follows:—

Car 286942:		
Sales.....		\$ 347 77
Com.....	\$ 52 14	
Rebates.....	66 96	
Freight.....	165 51	284 61
		<hr/>
		63 16
Freight Prepaid.....		165 51
		<hr/>
		228 67

Altogether the transaction is a thoroughly unsatisfactory one; the jobbers in question not having in any sense kept accurate records, or rendered returns showing the true nature of the transaction. Moreover after having transmitted some wires Mutual Brokers Limited appear to have ceased to be interested in the transaction. Whether the whole or any part of this unsatisfactory transaction is attributable to the existing jobber-broker combination is a matter of inference.

E. GENERAL MATTERS

(1) DUMPING DUTY

It is a common trade practice for those whose home market is well organized to "dump" supplies abroad at prices below those obtaining on the home market. The Canadian fruit and vegetable growers, whose crop is later in maturing than that of southern growers have long suffered from American fruit and vegetables being thrown on the Canadian market in this way. To the American exporter who has already taken a profit before the Canadian supply comes in, every additional dollar received means an addition to profits. The Canadian grower on the other hand, without Government protection in the nature of a dumping duty, would be unable to exist in the face of organized American competition.

In recognition of these facts the customs tariff, 1907, has made provision for special or dumping duty as follows:—

Sec. 6. In the case of articles exported to Canada of a class or kind made or produced in Canada if the export or actual selling price to an importer in Canada be less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to Canada at the time of its exportation to Canada there shall, in addition to the duties otherwise established, be levied, collected and paid on such article on its importation into Canada, a special duty (or dumping duty) equal to the difference between the said selling price of the article for export and the said fair market value thereof for home consumption; and such special duty (or dumping duty) shall be levied, collected and paid on such article although it is not otherwise dutiable.

Provided that the said special duty shall not exceed fifteen per cent "ad valorem" in any case;

(2) "Export price" or "selling price" in this section shall be held to mean and include the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported directly to Canada.

(3) If at any time it appears to the satisfaction of the Governor in Council on a report from the Minister of Customs, that the payment of the special duty by this section provided for is being evaded by the shipment of goods on consignment without sale prior to such shipment, the Governor in Council may in any case or class of cases authorize such action as is deemed necessary to collect on such goods or any of them the same special duty as if the goods had been sold to an importer in Canada prior to their shipment to Canada.

(4) If the full amount of any special duty of customs is not paid on goods imported, the customs entry thereof shall be amended and the deficiency paid upon the demand of the Collector of Customs.

(5) The Minister of Customs may make such regulations as are deemed necessary for carrying out the provisions of this section and for the enforcement thereof.

(6) Such regulations may provide for the temporary exemption from special duty of any article or class of articles, when it is established to the satisfaction of the Minister of Customs that such articles are not made or sold in Canada in sub-

stantial quantities, and offered for sale to all purchasers on equal terms, under like conditions, having regard to the custom and usage of trade.

(7) Such regulations may also provide for the exemption from special duty of any article when the difference between the fair market value and the selling price thereof to the importer as aforesaid amounts only to a small percentage of its fair market value.

The following regulations have been passed under this section:—

Under the special duty provisions of the customs tariff, the special duty (or dumping duty) is not to apply in the following cases, viz:—

(a) When the difference between the fair market value and the selling price of the goods to the importer in Canada does not exceed five per cent of their fair market value.

Provided that the whole difference shall be taken into account for special duty purposes when exceeding five per cent.

Rule to be observed (for special duty purposes on) in comparing "Fair Market Value" with "Export Price."—In computing the difference for special duty purposes between the "Fair Market Value" in the country of export and the "selling price to the importer in Canada," the fair market value of goods is to be estimated on the usual credit basis, except when the article is universally sold in the country of export for cash only, in which case the fair market value is to be estimated on a cash basis;

Provided that a *bona fide* discount for cash not exceeding two and one-half per cent when allowed and deducted by the exporter on his invoice may be allowed in estimating the fair market value of goods for duty purposes.

Dumping Duty is not often imposed on imported fruits and your Commissioner has found no case in which remission of the duty has been refused if applied for.

Certain correspondence has come to the attention of your Commissioner suggesting that attempts have been made to evade the dumping provisions of the Statute. This correspondence is as follows:—

EDMONTON, ALTA., March 5, 1923.

Mr. FRED. THOMPSON.

c/o Growers Sales Agency,
Calgary, Alta.

DEAR SIR,—With reference to the car of apples N.R.C. 4176 shipped to us at Hardisty, we find that this car was bought at \$1. per box. It was invoiced at \$1.10 and draft drawn for this amount. We presume you will arrange a rebate at 10 cents per box.

.....
Yours truly,

PLUNKETT, SAVAGE & SUTHERLAND, LTD.,
(Sgd.) R. L. SUTHERLAND,

RLS/OA

March 6, 1923.

PLUNKETT, SAVAGE & SUTHERLAND, LTD.,
Edmonton, Alta.

GENTLEMAN,—Replying to your letter of yesterday, please draw back on the shippers for 10 cents per box as they have agreed to this.

Mr. Savage here gave us instructions to have them invoiced at this price so as to save extra duty.

.....

.....
Yours very truly,

Local Manager.

EDMONTON, ALTA., March 9, 1923.

GROWERS SALES AGENCY,
Calgary, Alta.

GENTLEMEN,—Referring to your letter of March 6, re car N.R.C. 4176 shipped to you at Hardisty. Will you please write the shippers the American Fruit Growers and have them send us promptly a cheque at 10 cents per box, which will amount to \$75.60.

Yours truly,

PLUNKETT, SAVAGE & SUTHERLAND, LTD.,
(Sgd.) R. L. SUTHERLAND,

RLS/OA

W. E. CARRUTHERS,
Acme Fruit Company,
Calgary, Alta.

VICTORIA, B.C., May 8, 1924.

....., Customs dumped us on car Walla Walla barb which cost seventy-five cents. Are you paying Dump Duty? We protested wildly but had to pay. Wire me here on this. Winnipeg returned fifty cents car barb.

(Sgd) G. H. SNOW.

MUTUAL (VANCOUVER) LTD.,
Vancouver, B.C.

May 9, 1924.

Bought barb seventy-five here but not hooked to date. Suggest send particulars your claim to A. E. Burns, secretary, Western Canada Fruit Jobbers, Winnipeg for him to fight. Winnipeg returns regrettable but on whole think you have done well. Rest assured if independents play horse berries we will treat them rough.

(Sgd) CARRUTHERS.

Mr. J. A. SIMINGTON,
Winnipeg, Man.

May 9, 1924.

DEAR SIR,— Regarding the dumping duty on barb, I am suggesting to Snow that he forward all particulars of his claim to A. E. Burns our secretary, Winnipeg and I am satisfied if there is any chance Burns will be able to get Snow a refund. I wish you would just call Burns up on the phone and mention the fact that Vancouver got hooked on a car and that Snow is forwarding the papers. Our Association is endeavouring to get in the Vancouver jobbers and I am satisfied that Burns will appreciate this opportunity of trying to show the Vancouver jobbers that we do accomplish things and if he can do this undoubtedly the Vancouver jobbers will line up with us.

Yours truly,

WEC/MA

(Sdg) W. E. C.

Copy to Mr. Colquhoun.
Mr. Snow

With reference to the statements of purchase of rhubarb at 75 cents it may be mentioned that the Walla Walla Gardeners' Association price quotations under the signature of C. B. Auken, on May 5 and 12, 1924, for rhubarb 40 pounds net were \$1. The cost of production of the British Columbia rhubarb was 90 cents as appears by the following wire from Snow:—

Mutual Brokers Ltd.,
Calgary.

VANCOUVER, B.C., April 17, 1924.

We are getting all association rhubarb at Dewdney. No cars will be loaded if returns will be less than ninety cents net to association. We want get all we can above this amount as ninety cents actual cost packing. Next car will roll Friday. Wire your instructions.

MUTUAL (VANCOUVER) LIMITED.

It appears from the above that the price of the imported rhubarb was both below the Canadian cost of production and the fair market value as sold for American consumption. In such a case it is considered that it was the duty of the local Customs officer at the port of entry to apply the Dumping provisions of the Customs Act both at Vancouver and Calgary. It is not known whether the duty was imposed on Carruthers' car at Calgary or remitted on Snow's at Vancouver.

Following the exchange of wires of May 8, and 9, given above, Carruthers wrote as follows:—

May 16, 1924.

MUTUAL (VANCOUVER) LTD.,
Vancouver, B.C.

Attention Mr. Snow

DEAR SIR:

Mr. Simington advised that Mr. A. E. Burns, our secretary at Winnipeg will be very pleased to handle your claim for dumping duties imposed on that car of barb, and when you forward him particulars, George, I suggest that you outline that you are exclusive selling agents for the Rhubarb Association, and at the time American barb was purchased there was none available in B.C.

Mr. Burns is a very competent secretary, and I hope that you will write him giving full particulars and asking him to handle your case.

Yours truly,

WEC/MA

CALGARY, May 16, 1924.

All Alberta Houses:

GENTLEMEN,—I am advised that in nearly every instance where wholesalers have been compelled to pay dumping duty on apples that Mr. A. E. Burns has applied for refund and obtained it. I do not know of a case in Alberta where it has been applied, but seems to me some house during last season had it applied on peaches or some other commodities, and I am satisfied if you have not obtained a refund, if you will be good enough to use our secretary, Mr. Burns, sending all particulars to him, requesting him to fight the claim for you, I am sure that he will be successful.

We contribute yearly to our Association and I believe we have a very competent secretary and I hope that any house having a claim will give it immediate attention by following instructions suggested above.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

WEC/MA

Letters passing between Simington and Colquhoun are also given:—

May 12, 1924.

Mr. Wm. COLQUHOUN,

Mr. W. E. CARRUTHERS,

DEAR SIR,—I think some of our houses are importing American apples, and we are compelled to pay a dumping duty.

I learn from Burns to-day that he has secured a refund of the dumping duty paid by P. Burns & Company and the Macdonald-Crawford.

If there are any sales in your district with our interests you had better have them submit claims for refund to Burns to handle.

Yours truly,

(Sgd.) J. A. SIMINGTON.

jas-db.

May 14, 1924.

Mr. J. A. SIMINGTON,

Winnipeg, Man.

DEAR SIR,—Any of the Saskatchewan houses who paid dumping duty on American apples placed claim for refund. They have been notified by the local customs appraiser that their claims will be paid.

Yours truly,

WC-P

On April 30, 1924, Mr. A. E. Burns of the Western Canada Fruit Jobbers Association, wrote the Customs and Excise Department at Ottawa, demanding remission of Dumping Duty on certain apples bought from the Yakima Fruit Growers' Association, Washington, at 80 cents f.o.b. It will be noted that Mr. Burns states in his letter that "at the time the Dumping Duty was applied there were no apples in stock." It is not known what is meant by this statement, for the official published figures of the Fruit Branch, Ottawa, show the following quantities of apples in storage at the points and on the dates mentioned:—

<i>January 31, 1924.</i>	Boxes.	Bbls.
Regina..	7,820	100
British Columbia..	233,084	
<i>February, 15, 1924.</i>		
Regina..	8,337	
British Columbia..	133,886	
<i>February 28, 1924.</i>		
Regina..	10,555	
British Columbia..	88,287	

The letter from Mr. Burns is as follows:

April 30, 1924.

The CUSTOMS AND EXCISE DEPARTMENT,
Ottawa, Ont.

Attention Mr. Watson

DEAR SIRS,—I was in Regina and Moose Jaw last week and found that Dumping Duty had been applied on cars of apples coming into that district on February 13 and 14, some to P. Burns & Co., Ltd., others to Macdonald-Consolidated.

At the time the Dumping Duty was applied there were no apples in stock. Macdonald-Consolidated stated they were out of this commodity for 12 days. P. Burns & Co. had only one variety and they were splitting them up with the other four jobbers.

The application of Dumping Duty on shipments in such times is only unadulterated gall on the part of some official who evidently must have known the existing conditions in these two points, and if he had made any enquiries, he would have known that the Dump was unjustified.

The above jobbers are asking for a rebate and I would be glad to hear from you at once if you are going to grant same. Otherwise we will have to circularize every member of Parliament and bring this unjust application of the Dumping Duty to a show-down.

I attach a memo from P. Burns & Co. which you might read and let me know if, in your opinion, this assessment was justified.

Thanking you,

Yours very truly,

AEB/EB

WESTERN CANADA FRUIT JOBBERS' ASSOC.

This somewhat hectoring letter of Mr. Burns was replied to by Mr. J. A. Watson of the Customs Department on May 7, to the effect that the Collector of Customs at Moose Jaw was instructed that he might certify to refund claims of Dumping Duty paid on importations of apples if entered since the first of February last, and that the Collector of Customs at Regina would receive like instructions. It is evident that if the Customs authorities acted on the assumption that there had been no British Columbia apples available since February 1, 1924, they did so without consultation with the Department of Agriculture, which had accurate information on the situation.

It appears further that early in 1924, Mr. Burns reached an understanding with Mr. T. W. Mouat, special officer, Customs Department, Nelson, B.C., that the Dumping Duty would not be applied after March 1, 1924. What was the information in the possession of Mr. Mouat as to the apple situation at this time does not appear. It is evident that Mr. Mouat's information was not of the best. for on February 29, 1924, Mr. A. E. Burns circularized all members of the Western Canada Fruit Jobbers' Association as follows:—

WINNIPEG, February 29, 1924.

Re Dumping Duty:

The understanding with Mr. Mouat was that after March 1, the Dumping Act would not be applied. The Dump has not been applied to Winnipeg cars, but from Regina west. Mr. Mouat intimated he was convinced B.C. apples would not stand the haul to Winnipeg, but this is wrong as a few more days' transit would not count.

Yours very truly,

(Sgd.) A. E. BURNS,

Secretary.

AEB/EB

(2) ACCURATE MARKET INFORMATION

The importance to the growers' executive of full and accurate information can hardly be over-estimated. In this connection your Commissioner has noticed certain discrepancies between the reports on prices and importations of Mr. J. A. Grant, British Columbia Markets Commissioner, and of the Department of Agriculture; but no steps have been taken to ascertain which of these reports have been correct. If a word of warning might be uttered here it is to point out the danger of relying too much on one source of information.

CALGARY, June 23, 1924.

SWIFT CURRENT GROCERY Co.

CANADIAN FRUIT Co.

NORTHERN FRUIT Co.

PIONEER FRUIT Co.

GENTLEMEN,—In conversation with Mr. J. A. Grant, the B.C. Market Commissioner, this morning, he stated that he did not have a correspondent in your market for his weekly bulletin, and as he would like to see your market represented in his bulletin I advised Mr. Grant that I would write you to see if you would not agree to give him a report weekly. The bulletin is issued every Friday and Mr. Grant says that if you would be good enough to write him a letter every Wednesday outlining market conditions, etc., in your market he would like it very much.

For this service his office pays \$1.50 per report payable quarterly, and Mr. Grant suggests that he gets the best service on these reports where the correspondent makes an arrangement with his stenographer to call the matter to the manager's attention every Wednesday morning so that the matter or report is sure to get away promptly. Mr. Grant is very favourable to the ladies getting the \$1.50, and he thought in this way they will be sure to remind the manager about it.

This office works very closely with Mr. Grant, and I would appreciate it very much if you would be good enough to write Mr. Grant advising if you will take this on for him.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

(3) SPREAD OF COMBINE

In 1906 there were three Nash houses in the United States and none in Canada. In 1907 the first Canadian Nash house was established.

At that time the system of distribution in Canada was from grower through his own broker, to the different jobbers, who sold to the retail trade, which in turn distributed to the consuming public. The jobbing houses, of which there were two or more in each town of any size, were, for the most part, independent of each other, and in more or less friendly competition. In the larger centres local associations had been formed by the jobbers to discuss and agree on prices and credits, and to a certain extent, supply; but speaking generally and surveying western Canada as a whole, distribution was made through many independent and competing jobbers. There was thus a free and uncontrolled outlet for supply.

From 1907 to the present time the growth of the Nash organization has been amazing. There are now in the United States and Canada over 150 businesses operated by nearly as large a number of incorporated companies. In Canada there are 46 incorporated companies. This expansion has been brought about either by the purchase of the business of independent jobbers, or by the establishment of new houses. It has resulted in the remaining independents coming together in self defence in the Growers' Sales Agency Ltd.

As a result the whole aspect of distribution in western Canada has changed. Instead of distribution being through many competing and unallied independent houses as in 1907, it is now principally through two chains of distributing houses, each of which has its own brokerage office, through which

alone, speaking generally, sales may be made to the jobbing houses. This puts a toll on distribution and restricts supply.

A survey of the rapid development of the Nash organization and the existing situation compels the conclusion that, whether consciously or unconsciously, that organization is moving toward a monopoly of the distribution system in western Canada. The following from a letter of W. E. Carruthers, suggests that this movement is a matter of policy.

Mr. J. A. SIMINGTON,
WINNIPEG, MAN.

July 5, 1924.

DEAR SIR,—

I just wish that we had reasonable earnings stacked up here for these houses in Calgary this year and I would like to start something as I think that things are very ripe to put a knock-out over very easily. Probably we do not need to invite anything of this nature as the Fruit Despatch may do it with ease.

Yours truly,

WEC/MA

Three further illustrations may be given: the situation in Winnipeg, that in Edmonton, and the attitude of the combine to the growers. These also suggest that the movement toward monopoly is a deliberate one.

In Winnipeg distribution has for some years been mainly effected by seven "legitimate" jobbers. In the spring of 1923, three of these were Nash houses, and four independents. Later in that year the business of Dingle & Stewart was purchased by the Nash organization. This gave Nash four jobbing houses in Winnipeg and left three independents. On the 10th September, 1924, at a meeting of the executive committee of Nash Shareholders Company, the following resolution was put and carried:—

Moved by J. A. Simington, seconded by S. P. Lloyd that an attempt be made to consolidate the Dingle & Stewart Company of Winnipeg with the firm Cran, Mowat & Drever. If this cannot be accomplished, it is proposed to sell the Dingle & Stewart business to the Sterling Fruit Company. . . . Carried.

Had Cran, Mowat & Drever been taken over by the Nash organization there would have remained in Winnipeg only two independents, The Scott Fruit Co. Ltd. and Vipond Fruit Company, Ltd. The Sterling Fruit Co. is a Nash house.

At Edmonton there have been two brokerage offices, Mutual Brokers Ltd. serving the two Nash houses, and Growers Sales Agency Ltd. serving the four independents. Competition had been so severe that in the spring of 1924 the four independent houses consented to the closing of the Growers Sales Agency Ltd., and the purchase of their supplies through Mutual Brokers Ltd. This is one more step toward control; giving as it does to the Nash organization the only fruit brokerage house in Edmonton.

The march toward monopoly is seen in the dealings of the Nash organization with the growers, more particularly in the establishment of brokerage offices. These have in some cases obtained a monopoly of supply, and have thus forged a link in the chain of complete control of distribution. Correspondence already quoted has shown that the Nash officials have encouraged attempts to disrupt the growers' organizations. This is but one phase of a movement to obtain complete control.

(4) PROFITS

Any discussion of the profits of an organization such as the Nash group in Canada is calculated to divert attention from the true subject of inquiry, namely whether the combine is likely to operate or has operated to the detri-

ment of the public. There may be, and there are, many detrimental operations which do not reflect in the profit and loss account.

Nevertheless as Mr. J. A. Simington has submitted certain statements showing sales and profits for the years 1921, 1922, 1923, 1924, the matter will be discussed. The figures submitted are given in consolidated form.

CONSOLIDATED STATEMENT OF SALES AND PROFITS OF NASH ORGANIZATION IN CANADA FOR YEARS 1921, 1922, 1923 AND 1924

Year	Net Profitable Sales	Non-Profitable Sales	Total Sales	Total Profit Net	Per cent Profit on Sales
	\$	\$	\$	\$	
1921.....	15,632,637	2,813,874-Est.	18,446,511	140,048	.76
1922.....	14,813,263	2,666,387-Est.	17,479,650	249,855	1.43
1923.....	15,586,706	2,751,797-Actual	18,338,521	162,862	.88
1924.....	15,841,405-Est.	2,840,000-Est.	18,681,405	260,592	1.39

Year	Capital and Surplus	Average Money Borrowed	Total	Earnings on capital	Earnings on total capital employed
	\$	\$	\$	p.c.	p.c.
1921.....	1,945,708	400,500	2,346,298	7.2	6
1922.....	1,941,658	550,950	2,492,608	12.8	10
1923.....	1,869,254	749,500	2,618,754	8.7	6.2
	5,756,620	.....	7,459,570		

Average capital employed for 3 years.....	\$1,918,873 00
Average capital and borrowed money 3 years.....	2,486,523 00
Average earnings.....	184,255 00
Average per cent earnings on capital.....	9.6
Average per cent earnings on capital and borrowings.....	7.4

Mr. Simington goes on to state that:—

The earnings include all earnings made in Canada from whatever source. The sales include only the sales of purely jobbing houses. Sales of the following companies, Mutual Vancouver; Robt. Forbes Company; Mutual Purchasing Company, and No-Vary Products Company amount to about \$1,350,000 a year. In addition to this our brokerage offices handle in excess of 5,000 cars of fruit in addition to all l.c.l. shipments. The total goods handled by the companies I have mentioned together with our brokerage offices will amount to approximately \$8,000,000, for each year, 1923 and 1924.

As I have stated the profits of our different companies are included in our total profits but the sales are not. If these sales amounting for the two years to about \$16,000,000 are added to the sales of the jobbing houses, it gives a total turn-over for the two years of \$53,000,000, so that our profit for the two years on the volume of business actually handled is slightly less than four-fifths of 1 per cent on turn-over. Against these profits should be charged \$25,000 a year which is sent to Canada and is received by them by reason of our connections in the United States. Furthermore, as I pointed out in my evidence no charge for salary of our largest shareholders is made against the Canadian business. If the \$50,000 received in the two years from the United States and which has been added to the Canadian earnings and \$50,000 salary yearly for the three largest shareholders who take an interest in directing the business, is deducted, the earnings made by Canadian business are reduced by \$75,000 a year, or a total of \$150,000 for the two years, in which case our profit on turn-over is not much in excess of one-half of 1 per cent.

The figures submitted by Mr. Simington differ in some important respects from those prepared for your commissioner by Mr. H. S. Hanson, chartered accountant of Winnipeg after examination of the 1923 annual financial statements of the Canadian Nash houses. Certain other figures supplied by Mr. Hanson are also of interest. Mr. Hanson says:—

We make the net earnings from all houses to be \$221,964, before providing for Income Tax, Interest on Preferred Stock, and losses of an extraordinary nature, referred to in our report, but after providing for interest on borrowed money. Capital employed would be made up as follows:

Common stock..	\$1,549,525 00
Preferred stock..	187,500 00
Surplus and undivided profit at beginning of year.. . . .	171,210 99
	<u>\$1,908,235 99</u>

On this basis the percentage of earnings on capital employed is 11.6 per cent.

Average rate of dividends paid on Common stock during the year 10.7 per cent.

For the purpose of arriving at the situation as a whole this statement includes figures from Toronto and No-Vary Products Company but does not include Robert Forbes Company, Vancouver, which we understand started very late in the year, nor the Mutual Brokers Limited, Montreal, from which no report was obtained. We have since been informed, however, that the earnings at Montreal for the short period which they were in operation during the year, amounted to \$1,508.54.

CENTRAL ORGANIZATION

The following is a summary of the contributions of the different houses towards the Central Organization in Minneapolis to whom, we understand, the amounts are paid direct:—

Exclusive Fruit Houses..	\$38,185 00
Fruit and Grocery Houses..	14,410 00
Exclusive Grocery Houses..	5,610 00
Brokerage Houses..	11,122 50
Mutual Purchasing Co...	325 00
	<u>\$69,652 50</u>

A consideration of net profits as shown at the end of any fiscal period does not truly display the earnings of the organization; for many of the houses are newly established in competitive areas. For example the "X" company in 1923 on a capital of \$48,300 had a net operating profit of \$15,895.14, paid a dividend of 8.8 per cent and carried forward a surplus of \$12,955.11. During 1924 this company established a branch at "Y;" and at the end of the year showed a net operating profit of \$1,893.99, paid a dividend on \$50,800 of 3.7 per cent, and carried forward a surplus of \$13,056.37. The organization is expanding at a phenomenal rate, and is enabled to do so by reason of the heavy profits made.

A fairer criterion of the profits made would be the earnings made by well established houses. For example the "Z" house in 1923 and 1924 showed the following:—

	1923	1924
	\$ cts.	\$ cts.
Capital Paid Up.....	45,100 00	45,762 50
Net Profitable Sales.....	617,230 88	676,587 78
Total Gross Profit.....	98,031 49	99,806 02
*Total Operating Expense.....	79,200 22	83,687 46
Net Operating Profit.	18,831 27	16,111 56
Dividend Paid.....	\$9,904—22%	\$9,991 —22%
*Includes the following:—		
Estimated loss on Accounts.....	\$2,466 10	3,691 25
Payments to Central Organization.....	2,325 00	2,835 00

Such profits can only be made by merchandising. This is quite proper when the goods are purchased outright, and when no question arises of a sale to a jobbing house by an allied brokerage house of the growers' goods at unduly low prices. Your commissioner is of opinion that such sales have been made and will continue to be made while the jobber-broker connection continues.

The supervisors, managers, and other employees of the Nash organization (who are rated and receive advancement according to the business ability shown), are under constant high pressure from Minneapolis to increase the profits of their districts and houses; and the supervisors and managers, and different employees have in many cases stock holdings in the jobbing houses. If these facts are considered, and if it is remembered that when a transaction takes the form of a sale it practically passes beyond legal attack, the strain on the individual broker to fall away from his duty to the grower and to sell at jobbers' rather than growers' prices will be realized. He is in constant friendly touch with the jobber, while the grower is some hundreds of miles away. Moreover, during the absence of any supervisor the senior manager of the local jobbing house takes his place.

The above may be said without reflection on the integrity of any individual, but there can be no disguising the fact that Nash supervisors and others have been aware that merchandising was going on at the expense of the growers, as is indicated by the following:

CALGARY, June 9, 1924.

MUTUAL (VANCOUVER) LTD.,
Vancouver, B.C.

GENTLEMEN:—

I notice your gross earnings on merchandise were high and although they were shared by both Victoria and Vancouver offices, was this all contributed by the Hot-house Growers? or had you some merchandise earnings on some other transactions?

Am pleased to note that while prosperity is with you, you still have an eye to economy, and it would seem to me that this report is just a forerunner of the good things to come and the possibilities of cutting a melon later on in the season.

Yours truly,
(Sgd.) W. E. CARRUTHERS.

MUTUAL BROKERS LIMITED

CALGARY, June 9, 1924.

Mr. GEORGE SNOW,
Mutual (Vancouver) Ltd.,
Vancouver, B.C.

DEAR GEORGE,—Bill was telling me to-day about the wonderful month you had last month, and I want to congratulate you on it. I hope you keep up the good work.

Yours sincerely,
(Sgd.) HAL.

HMM/B

5. CORRESPONDENCE WITH A. M. SINCLAIR, Esq., K.C.

Your Commissioner has recently had certain correspondence with A. M. Sinclair, Esq., K.C., counsel for the Nash interests, relative to his reply to the allegation that the Nash organization in Canada is a combine which has operated detrimentally to the interest of the public. This correspondence, which is self-explanatory, is as follows:—

OTTAWA, February 16, 1925.

A. M. SINCLAIR, Esq., K.C.,
Room 501, Chateau Laurier,
Ottawa, Ontario.

Re Combines Investigation Act

DEAR SIR,—

Throughout the course of this inquiry, you have been afforded facility for tendering evidence and reply on behalf of your clients to the allegation that they are a Combine within the meaning of section 2 of the Combines Investigation Act, 1923, which has operated or is likely to operate to the detriment of or against the interest of the public. No evidence has been tendered and no reply received.

On the 13th January, when the undersigned was in Winnipeg, you and Mr. Simington were asked to submit any reply which you might have before the undersigned left Winnipeg. Later, namely, on the 21st January, you were notified that any reply should be in the hands of the undersigned not later than January 31.

On the 5th February you wired as follows:—

“Will arrive Ottawa Sunday with documents and reply.”

To which the following reply was dispatched:—

“Documents stated in your nite February first to have been dispatched that day not yet received, causing great inconvenience. Your wire February 5 appears to indicate you did not dispatch these documents but still have them your possession. Is this correct? As to reply, you and Simington were notified January 13 in Winnipeg to give reply while Commission was there so that information could be checked while Commission was in west. On January 21 when no reply received you were notified reply should be in hands Commissioner at Ottawa not later than 31st ultimo. Expect to be Toronto, Monday and Tuesday and possibly longer, and will take your reply at my office, Wilson Building, Adelaide Street West, at 11 a.m. Monday. All documents should then be delivered to undersigned. Trust there will be no misunderstanding about this. Wire reply immediately.”

In long distance conversation with the undersigned at Toronto on February 8, you stated that you would furnish your reply at Ottawa on Tuesday, the 10th. From day to day since that time you have stated that the reply would be furnished the next day.

On Wednesday, Friday, Saturday and Sunday last past, you informed the undersigned, Mr. Perry, Mr. McKinnon, and Mr. Perry respectively, to the effect that a written memorandum would be submitted to the undersigned during the course of the days above mentioned, but up to this writing nothing has been received from you.

The undersigned has to inform you that your reply, if any, must be in his hands not later than three o'clock this afternoon (February 16, 1925), if you wish it to be considered in the report of the undersigned.

Yours truly,

(Sgd.) LEWIS DUNCAN,

Commissioner, Combines Investigation Act, 1923.

LD/P
Delivered.

OTTAWA, ONT., February 16, 1925.

LEWIS DUNCAN, Esq.,
Department of Labour,
Ottawa, Ont.

The Combines Investigation Act, 1923, Mutual Brokers, Ltd., et al

DEAR SIR:

You will remember that when you were in Calgary I requested that before you made any report I should be given particulars of all findings affecting my clients, with an opportunity of submitting evidence and argument.

In the course of your examination of Mr. J. A. Simington at Winnipeg, you gave me a list of matters which you intend to deal with in your report. You also gave me certain incidents on which you intend to rely to support the conclusions arrived at by you.

While these particulars are of some assistance to me, my clients have not had the opportunity to which, in my opinion they are entitled, to submit a full and complete defence of the manner in which they have conducted their business.

The enquiry has now been in progress for over seven months. I understand you have examined a very large number of witnesses in addition to the employees of my

clients. I have been present at the examination of practically all of the employees of my clients except those examined in Vancouver.

I was not permitted to be present at the examination of any other witnesses. I have no information whatsoever as to what evidence has been given. I have made several applications for a copy of the evidence, for which I was willing to pay, but my request has been refused.

I am thus unable to ascertain what case I have to meet.

This puts my clients at a very great disadvantage.

The injustice to my clients is very well illustrated by what transpired on the examination of Mr. Nash.

You asked him if he knew of any member of his organization having refused to sell fruit to anyone on the ground that the proposed purchaser refused to observe a stipulated resale price. He informed you that he had no knowledge of anything of that kind, whereupon you informed him that you had evidence that this had been done.

I told you that when Mr. Colquhoun was being examined in Regina he had been questioned on this point and he answered that to the best of his knowledge no person had ever been refused fruit on that ground.

When Mr. Burroughs who was conducting the examinations had exhausted Mr. Colquhoun's memory I pointed out that in fairness to the witness, if the Commission had any evidence or information to the contrary, the witness should be told of any specific case or cases, so that he could either admit or deny it and if necessary adduce evidence on the point. Mr. Burroughs said he had nothing further to say. It now transpires that the Commission did have evidence to the effect that Macdonald-Crawford had been refused berries in Saskatchewan. I have asked you for the name of the witness but you declined to give it to me.

This evidence may have an important bearing on the question whether there existed a combine making agreements as to price, and consequently I intend to investigate the matter and submit further evidence. The witnesses to be examined are in Saskatchewan.

I am now repeating my request for a complete copy of the evidence taken to date to enable me to deal with the matters which you say you intend to deal with in your report.

I also make application for full particulars of all findings which you intend to make with respect to my clients.

I had intended to submit to you observations on and explanations of the matters contained in the particulars which you have already given me, but I have come to the conclusion that it is impossible for me to deal adequately with the matter without the further information which I have asked for.

If you can let me know at your early convenience whether you will comply with my request, I will be much obliged.

Yours truly,
(Sgd.) A. MACLEOD SINCLAIR.
OTTAWA, ONT., February 18, 1925.

A. M. SINCLAIR, Esq., K.C.,
Room No. 501,
Chateau Laurier,
Ottawa, Ont.

DEAR SIR,—This will acknowledge receipt of your letter of February 16th, in reply to mine of the same date.

The evidence of the Regina witness to which you refer is not being included in the report of the undersigned, which deals mainly with matters disclosed by the books and correspondence of your clients, the Nash interests, and in their verbal evidence. You have been present at all examinations of your clients and their employees at which you wished to be present; you are fully aware of the matters under investigation, and your decision not to submit the reply, which the undersigned had hitherto been led to expect, comes somewhat as a surprise.

In view of what is stated in your letter it may, perhaps, be well to remind you that when the Commission was in Winnipeg in January you were specifically told of certain matters which appeared to call for explanation, and were asked to submit a reply while the undersigned was in Winnipeg. You expressed yourself as follows:—

“BY THE COMMISSIONER: I think if I give you now these particular matters it would prevent delay at a subsequent time; so, if you could let me have any particulars in explanation while here, I would like to clean the matter up here in Winnipeg, or possibly go through to the West in order to verify what you give, if I think it needs verification.

Mr. SINCLAIR: I think that meets with our request and is a satisfactory arrangement."

You will also no doubt remember that you were informed in Winnipeg, and subsequently in Ottawa, that your reply (which you intimated would be a written reply) would be included in the report of the undersigned, so that should the report be published your representations would be published with it.

Under the Statute the Minister may call for an interim report at any time. This has been asked for in this case and the undersigned is under a statutory duty to supply the report, which is being made to the Registrar.

The undersigned is including in his report his letter of February 16th, your reply of the same date, and this letter.

Yours truly,

(Sgd.) LEWIS DUNCAN,

Commissioner, Combines Investigation Act.

PART III. CONCLUSIONS

The conclusions of your commissioner are that the Nash combination of jobbing and brokerage houses is a combine which is operating and has operated detrimentally to the interests of the Canadian public, including in that term producer, consumer and trade opposition. Your commissioner is also of the conclusion that while other combines within the meaning of the statute exist, such as the self-defensive combine of the members of the Growers' Sales Agency Ltd., and the local associations of jobbers who meet to discuss prices and supply, still the Growers' Sales combine would dissolve into its constituent competitive elements if the jobber-broker connection were made unlawful; and that the price fixing arrangements of the local associations of jobbers are made more permanent than would ordinarily be the case by the threats of the Nash brokers and supervisors to discipline any price cutter by depriving him of his supply.

The Nash combine is a double combine. It consists first of a combination of a large number of jobbing houses; which has already been referred to as the jobber-jobber combine; and secondly of an association in the one organization of brokerage and jobbing houses, referred to as the jobber-broker combine.

A jobber-broker combine is not a "natural" combine; for it is an attempt to join in the one organization two opposing factors—the broker, whose interest should be solely that of the grower; and the jobber, whose interest is opposed to that of the grower. Such a combination is wrong in principle and dangerous, and your commissioner recommends that it be declared unlawful. There is a mass of testimony in favour of such action, including testimony already quoted from jobbers.

The following resolution passed at a meeting of the Directors of the Berry Growers Co-operative Union of B.C., held on January 30, 1925, may be here quoted as showing the feeling of the growers:—

That whereas the fruit and vegetable selling at prairie points is now performed by brokers who are paid for their services by the shippers of British Columbia, and at the same time these brokers are appointed and controlled by jobbers at prairie points who buy British Columbia produce from the brokers, be it resolved that this Union goes on record as opposing this principle, and that the Dominion Government be petitioned to pass legislation making jobber owned brokerages in Canada illegal; and that a copy of this resolution be sent to the Premier, the Ministers of Agriculture and Labour, the Canadian Horticultural Council, and to Mr. Munro, M.P. for the Fraser Valley.

If legislative action is taken to sever the jobber-broker connection of the Nash and Growers Sales organization, the latter organization will dissolve into its constituent and independent jobber elements. But in the case of the Nash organization there will remain the jobber-jobber combine.

Such an organization has the power by collective action to operate prejudicially to the interests of the public. If there were no collective action, but if each jobber member traded in competition with fellow members and the opposition, no exception could be taken; and the Nash group though much larger would be in the same position as other groups of jobbing houses, conducted under one management, such as the Scott Fruit Co. Ltd., P. Burns & Co. Ltd., and Macdonald's Consolidated, Ltd.

The insistence however of the Nash and in a more limited way of the Growers Sales houses on sales to them being made through their brokerage offices (which for this purpose are only brokerage agencies levying a toll on each transaction), in effect denies a great part of the market in western Canada to products handled by other brokers. Western Canada has been divided by these organizations into brokerage areas, and the policy has been laid down that brokers selling produce direct to jobbing houses must pay brokerage to the brokerage office within whose area the sale has been made. This toll amounts in some cases to \$90 a car; and is exacted for the privilege of being allowed to sell to the jobbing house. The charge is made even when the brokerage company has had nothing to do with effecting the sale. This practice restricts distribution, assists the creation of monopoly and injures the producer, consumer and broker. Your commissioner recommends that it be declared unlawful.

The phenomenal advance of the Nash interests at the expense of the independent broker and jobber is bringing Western Canada face to face with the possibility of a monopoly in the distribution of fruits and vegetables. Once monopoly or effective monopolistic control is reached the regulating factor of competition disappears. The only alternative to monopoly is to make possible the continuation of effective competition both of brokers and jobbers.

In the United States of America the courts have been given power to order the dissolution of certain combines on the application of the Federal Trade Commission. Your commissioner suggests the advisability of considering the enactment of similar legislation applicable to persons engaged in the distribution of the products of the soil.

While you commissioner feels that legislative action along the lines indicated is necessary, he is also of the opinion that many of the existing evils could be removed by the establishment of a nation-wide grower-owned selling agency. It would lie with such an agency, while obtaining the best prices for the growers, to give a maximum distribution without wasteful overlapping, and to develop a rational and unified export policy. Provided four tests are met, no merchandizing, no favouritism, the strictest accounting, and the employment of men of probity, that way lies success.

PART IV. RECOMMENDATIONS

The recommendations of your commissioner are as follows:—

(1) That it be made unlawful for any combine (as defined in the Combines Investigation Act, 1923) operating or controlling a chain of jobbing houses dealing in the products of the soil to operate or in any way control the operation of the business of broker or factor handling the products of the soil.

(2) That it be made unlawful for any combine (as defined in the Combines Investigation Act, 1923) operating or controlling a chain of jobbing houses dealing in the products of the soil to require as a condition of the purchase or handling of goods by any of its jobbing houses the payment to itself or any of its companies or any other person of a commission or purchasing fee or similar charge; provided that nothing shall prevent the payment to jobbers of the customary jobber's commission for handling goods on consignment.

(3) That the rendering of false or deceptive account sales be made a criminal offence; and that false or deceptive account sales be defined as account sales which do not truly and precisely set out the transaction in question.

(4) That it be made a criminal offence for any broker or factor handling, dealing in or disposing of the products of the soil, to make an undisclosed "overage" or merchandising profit on consignment shipments.

(5) That brokers, factors, jobbers and others handling, dealing in or disposing of the products of the soil, be required to maintain for a period of three years complete lot records of goods handled on consignment.

(6) That a minister of the Crown be empowered to cause to be examined relative to any transaction complained of, the books, papers and records of any broker, factor, jobber, or other person handling the products of the soil.

(7) That consideration be given to the desirability of passing legislation similar in principle to the anti-trust legislation of the United States of America.

LEWIS DUNCAN,

Commissioner.

APPENDIX 1

Shipping companies, brokerage offices and wholesale houses in the Nash Organization. Head office, Nash Shareholders' Company, 430 Oak Grove, Minneapolis, Minn., or the Nash Company, 203 Essex Building, Minneapolis, Minn. Corrected as of June 1, 1924.

AMERICAN HOUSES
EXCLUSIVE FRUIT HOUSES

<i>House</i>	<i>Location</i>	<i>Manager</i>
Booker Fruit Co.....	Aberdeen, S.D.....	G. B. Finch.
Clinton Fruit Co.....	Clinton, Ia.....	C. Hays.
DeCamp Fruit Co.....	Fargo, N.D.....	C. D. Dietz.
Flodin Brothers Co.....	Burlington, Ia.....	Elmer Flodin.
Iowa Fruit Co.....	Cedar Rapids, Ia.....	C. Ziscovski.
Hastings Fruit Co.....	Hastings, Nebr.....	F. G. Thorp.
Interstate Fruit Co.....	Sioux Falls, So. Dak.....	Chris. Minick.
Jones Fruit Co.....	Butte, Montana.....	J. P. Clinton.
Kearney Grocery Co.....	Kearney, Nebr.....	H. P. Konsella.
Lindsay-Billings Co.....	Billings, Montana.....	H. G. Reynolds.
Lindsay-Bozeman Co.....	Bozeman, Montana.....	R. P. Bailey.
Lindsay-Great Falls Co.....	Great Falls, Montana.....	P. H. Woodbury.
Lindsay-Havre Co.....	Havre, Montana.....	M. E. Rhoades.
Lindsay-Helena Co.....	Helena, Montana.....	C. I. Frost.
Lindsay-Kalispell Co.....	Kalispell, Montana.....	W. L. Shank.
Lindsay-Lewistown Co.....	Lewistown, Montana.....	C. A. Haeckel.
Lindsay-Miles City Co.....	Miles City, Montana.....	H. G. Kronsop.
Lindsay-Missoula Co.....	Missoula, Montana.....	A. T. Anderson.
Lindsay-Sheridan Co.....	Sheridan, Wyoming.....	F. E. Jones.
Mills Fruit Co.....	Tulsa, Oklahoma.....	R. W. Brines.
Nash-Finch Co.....	Detroit, Minn.....	R. A. Sinclair.
Nash-Flodin Co.....	Cedar Rapids, Ia.....	C. C. Flodin.
Nash-Spokane Co.....	Spokane, Wash.....	R. L. Ellis.
Ottumwa Flodin Co.....	Ottumwa, Ia.....	C. A. Larson.
Park, Grant & Corrigan Co.....	Grand Forks, N.D.....	F. L. Griffin.
Platte Valley Merc. Co.....	Scottsbluff, Neb.....	Carl Johnson.
Rasher-Kingman-Herrin Co.....	Spokane, Wash.....	E. H. Schoedel.
Stacy-Bismarck Co.....	Bismarck, N.D.....	S. D. Dietz.
Symonds Co.....	Bristow, Okla.....	O. S. Tolle.
Turner-Altus Co.....	Altus, Okla.....	J. B. Spencer.
Turner-Ardmore Co.....	Ardmore, Okla.....	E. O. Henderson.
Turner-Chiskasha Co.....	Chiskasha, Okla.....	T. E. Wilde.
Turner-Clinton Co.....	Clinton, Okla.....	W. S. Metheney.
Turner-Enid Co.....	Enid, Okla.....	E. O. Paulsell.
Turner-Lawton Co.....	Lawton, Okla.....	E. A. O'Reilly.
Turner-McAlester Co.....	McAlester, Okla.....	G. B. Paullus.
Turner-Oklahoma Co.....	Oklahoma City, Okla.....	J. F. Boese.
Valley City Fruit Co.....	Valley City, N.D.....	F. J. Kelly.
Ward Fruit Co.....	Minot, N.D.....	A. B. Lee.

EXCLUSIVE GROCERY HOUSES

Aberdeen Who. Grocery Co.....	Aberdeen, S.D.....	A. G. Drysdale.
Park-Grant & Morris.....	Fargo, N.D.....	J. F. Kennedy.
Yankton Grocery Co.....	Yankton, S.D.....	C. A. Lack.

COMBINATION FRUIT AND GROCERY HOUSES

Crawford Mercantile Co.....	Crawford, Neb.....	E. B. Fritts.
Dickinson Grocery Co.....	Dickinson, N.D.....	Grant Westlake.
Finch-Winslow-Carlisle Co.....	Crookston, Minn.....	W. J. Carlisle.
Grand Forks Mercantile Co.....	Grand Forks, N.D.....	P. M. Onstad.
Huron Grocery Co.....	Huron, S.D.....	E. C. Walsh.
Lake Grocery Co.....	Devil's Lake, N.D.....	L. M. Johnson.
Lewiston Mercantile Co.....	Lewistown, Montana.....	E. B. Andrus.
Minot Grocery Co.....	Minot, N.D.....	S. S. Morgan.
Mobridge Grocery Co.....	Mobridge, S.D.....	C. E. Tolkien.
Nash Brothers.....	Grand Forks, N.D.....	J. E. MacLean.
Norfolk Grocery Co.....	Norfolk, Neb.....	M. V. Avery.
Northern Grocery Co.....	Havre, Montana.....	A. C. Dale.
North Platte Mercantile Co.....	North Platte, Neb.....	M. S. Finch.
Nash-Finch Co.....	Bemidji, Minn.....	R. A. Gadge.
Thief River Grocery Co.....	Thief River Falls, Minn.....	F. H. Herrick.
Williston Grocery Co.....	Willistown, N.D.....	N. F. Saxton.
Winslow Griffin Co.....	Watertown, S.D.....	D. T. Scully.
Wyoming Grocery Co.....	Casper, Wyoming.....	B. T. Cullen.

AMERICAN HOUSES—*Concluded*

AMERICAN BROKERAGE OFFICES

<i>House</i>	<i>Location.</i>	<i>Manager</i>
C. H. Robinson Co.	Butte, Montana	E. G. Oakes.
C. H. Robinson Co.	Cedar Rapids, Ia.	E. H. Emery.
C. H. Robinson Co.	Chicago, Illinois	W. C. Walker.
C. H. Robinson Co.	Denver, Colo.	G. N. Arpin.
C. H. Robinson Co.	Des Moines, Ia.	J. A. Boe.
C. H. Robinson Co.	Detroit, Mich.	C. M. Seeker.
C. H. Robinson Co.	Ft. Worth, Texas	F. O. Sims.
C. H. Robinson Co.	Grand Forks, N.D.	G. M. Booker.
C. H. Robinson Co.	Kansas City, Mo.	E. E. Patterson.
C. H. Robinson Co.	Milwaukee, Wis.	Arnold F. Mayer.
C. H. Robinson Co.	Minneapolis, Minn.	W. R. Hefley.
C. H. Robinson Co.	Oklahoma City, Okla.	J. F. Pope.
C. H. Robinson Co.	Omaha, Neb.	E. F. Miller.
C. H. Robinson Co.	Sioux City, Ia.	Floyd Kyte.
C. H. Robinson Co.	Spokane, Washington	H. G. Hawkins.
C. H. Robinson Co.	Tulsa, Okla.	R. B. Yankee.
NoVary Products Co.	Minneapolis, Minn.	

CANADIAN HOUSES

EXCLUSIVE FRUIT HOUSES

Aeae Fruit Co.	Calgary, Alberta	P. C. Hiles.
Bright-Emery Co.	Winnipeg, Man.	Herbert Emery.
Brown Fruit Co.	Edmonton, Alberta	J. S. Browne.
Canadian Fruit Co.	Moose Jaw, Sask.	H. A. Bond.
Crown Grocery Co.	North Battleford, Sask.	R. D. Munkley.
Dingle Fruit Co.	Brandon, Man.	John Farrell.
Dingle & Stewart, Ltd.	Winnipeg, Man.	D. Dingle.
Early Fruit Co.	Saskatoon, Sask.	R. R. Gorham.
KerRobert Mercantile Co.	KerRobert, Sask.	O. E. Groven.
Lethbridge Mercantile Co.	Lethbridge, Alberta	A. Veitch.
Lloyd Fruit Co.	Regina, Sask.	W. G. Lloyd.
Mitchell Fruit Co.	Calgary, Alberta	A. C. Lander.
Northern Fruit Co.	Saskatoon, Sask.	R. S. MacDonald.
Pioneer Fruit Co.	Brandon, Man.	L. A. McKay.
Portage Fruit Co.	Portage la Prairie, Man.	A. McCallum.
Prince Albert Fruit Co.	Prince Albert, Sask.	A. Sharp.
Rex Fruit Co.	Moose Jaw, Sask.	J. A. MacLean.
Rogers Fruit Co.	Winnipeg, Man.	A. McCallum.
Rogers Fruit Co.	Neepawa	
Rogers Fruit Co.	Dauphin	
Rogers Fruit Co.	Kenora	
Royal Fruit Co.	Edmonton, Alberta	O. Syverson.
Smith Fruit Co.	Yorkton, Sask.	J. C. Smith.
Sterling Fruit Co.	Winnipeg, Man.	K. W. Ross.
Stockton & Mallinson.	Regina, Sask.	J. R. Banks.
Walker Fruit Co.	Weyburn, Sask.	H. J. M. Fiske.

COMBINATION FRUIT AND GROCERY HOUSES

Alexander Grocery Co.	Camrose, Alberta	R. J. Sanders.
Camrose Grocery Co.	Camrose, Alberta	C. Cockroft.
Medicine Hat Grocery Co.	Medicine Hat, Alberta	P. B. J. Harding.
Red Deer Grocery Co.	Red Deer, Alberta	H. J. Bayley.
Weyburn Grocery Co.	Weyburn, Sask.	A. Wedin.
Nash-Simington Co.	Yorkton, Sask.	J. M. Bean.
Nash-Simington Co.	Melville, Sask.	Robert McDonald.
Swift Current Grocery Co.	Swift Current, Sask.	J. W. Robinson.

EXCLUSIVE GROCERY HOUSES

Brandon Grocery Co.	Brandon, Man.	H. J. Watson.
Moose Grocery Co.	Moose Jaw, Sask.	David Smith.
Nash-Simington Co.	Calgary, Alberta	W. A. Logan.

CANADIAN BROKERAGE OFFICES

Mutual Brokers, Ltd.	Calgary, Alberta	H. W. Morgan.
Mutual Brokers, Ltd.	Edmonton, Alberta	J. B. Lander.
Mutual Brokers, Ltd.	Montreal, Que.	F. E. Holloway.
Mutual Brokers, Ltd.	Regina, Sask.	G. N. Smith.
Mutual Brokers, Ltd.	Saskatoon, Sask.	J. F. Parker.
Mutual Brokers, Ltd.	Toronto, Ont.	F. J. Cowdley.
Mutual Brokers, Ltd.	Winnipeg, Man.	D. L. Davidson.
Mutual Vancouver, Ltd.	Vancouver, B.C.	G. H. Snow.
Mutual Vancouver, Ltd.	Victoria, B.C.	Mr. Dilworth.
Mutual Purchasing Co.	Winnipeg, Man.	T. J. Tollock.
NoVary Products Co.	Toronto, Ont.	
Robert Forbes Co.	Vancouver, B.C.	Robert Forbes.

CANADIAN HOUSES—*Concluded*

MARKETING AGENCIES

Alexander Marketing Co.....	San Benito, Texas.....	L. S. Witte.
Nash Coffee Co.....	Minneapolis, Minn.....	L. K. Watrous.
Randolph Marketing Co.....	Los Angeles, Calif.....	A. N. Jack.
White Bros. & Crum Co.....	Lewiston, Idaho.....	E. A. White.
White Bros. & Crum Co.....	Yakima, Wash.....	W. H. White.
White Bros. & Crum Co.....	San Francisco, Calif.....	F. H. DeCamp.
Jack Bros. & McBurney Co.....	Brawley, Calif.....	A. N. Jack.

Issued by: Randolph Marketing Co., 315 Fay Bldg., Los Angeles, Calif.

APPENDIX 2

GROWTH OF NASH ORGANIZATION

The Nash magazine for January, 1925, contains the following table, showing the rise and development of the organization:—

1887	Nash Brothers, Grand Forks, N.D.	1913	Nash-Simington Co., Yorkton, Sask. Early Fruit Co., Saskatoon, Sask. Prince Albert Fruit Co., Prince Albert, Sask. Winslow-Griffin Co., Watertown, S.D. Mutual Brokers, Calgary, Alberta. C. H. Robinson Co., Minneapolis, Minn.
1896	Finch, Winslow, Carlisle Co., Crookston, Minn.	1914	Swift Current Grocery Co., Swift Current, Sask. Alexander Grocery Co., Camrose, Alta.
1898	Minot Grocery Co., Minot, N.D.	1915	Sterling Fruit Co., Winnipeg, Manitoba. Brandon Grocery Co., Brandon, Manitoba. Walker Fruit Co., Weyburn, Sask. Huron Grocery Co., Huron, S.D. Nash-Simington Co., Calgary, Alberta. Red Deer Grocery Co., Red Deer, Sask. Mutual Brokers, Regina, Sask. Crawford Mercantile Co., Crawford, Neb. Wyoming Grocery Co., Casper, Wyo. Aberdeen Grocery Co., Aberdeen, S.D.
1905	Grand Forks Mercantile Co., Grand Forks, N.D.	1916	Interstate Fruit Co., Sioux Falls, S.D. Mitchell Fruit Co., Calgary, Alberta. Northern Grocery Co., Havre, Mont. Lewiston Mercantile Co., Lewiston, Mont. Nash Coffee Co., Minneapolis, Minn. Jones Fruit Co., Butte, Mont. Ker Robert Mercantile Co., Ker Robert, Sask. Lethbridge Mercantile Co., Lethbridge, Alberta. No Vary Products Co., Minneapolis, Minn. Norfolk Grocery Co., Norfolk, Neb. C. H. Robinson Co., Chicago, Ill. C. H. Robinson Co., Kansas City, Miss. C. H. Robinson Co., Butte, Mont. C. H. Robinson Co., Sioux City, Iowa. Randolph Marketing Co., Los Angeles Cal.
1907	Pioneer Fruit Co., Brandon, Man. Rogers Fruit Co., Winnipeg, Man. Ward Fruit Co., Minot, N.D.	1917	Lindsay-Great Falls Co., Great Falls, Mont. Lindsay-Havre Co., Havre, Mont. Lindsay-Helena Co., Helena, Mont. Lindsay-Lewiston Co., Lewiston, Mont. Lindsay-Billings Co., Billings, Mont. Lindsay-Bozeman Co., Bozeman, Mont. Lindsay-Kalispell Co., Kalispell, Mont. Lindsay-Miles City Co., Miles City, Mont. Lindsay-Missoula Co., Missoula, Mont. Lindsay-Sheridan Co., Sheridan, Mont. White Brothers and Crum Co., Yakima, Wash.
1908	Bright, Emery Co., Winnipeg, Man. Northern Fruit Co., Saskatoon, Sask. Stockton and Mallinson, Regina, Sask. Rex Fruit Co., Moose Jaw, Sask.		
1909	Royal Fruit Co., Edmonton, Alberta. Rasher, Kingman, Herrin Co., Spokane, Wash.		
1910	Brown Fruit Co., Edmonton, Alberta. Thief River Grocery Co., Thief River Falls, Minn. Lake Grocery Co., Devils Lake, N.D. Moose Grocery Co., Moose Jaw, Sask.		
1911	Portage Fruit Co., Portage La Prairie, Manitoba. Weyburn Grocery Co., Weyburn, Sask. Williston Grocery Co., Williston, N.D. Medicine Hat Grocery Co., Medicine Hat, Alberta. Acme Fruit Co., Calgary, Alberta.		
1912	Camrose Grocery Co., Camrose, Alberta. Crown Grocery Co., North Battleford, Sask. White Brothers and Crum Co., Lewiston, Idaho. Park, Grant and Morris, Fargo, N.D.		
1913	Park, Grant and Corrigan, Grand Forks, N.D. Canadian Fruit Co., Moose Jaw, Sask. De Camp Fruit Co., Fargo, N.D. Valley City Fruit Co., Valley City, N.D. Stacy-Bismarck Co., Bismarck, N.D.		

GROWTH OF NASH ORGANIZATION—*Concluded*

1917

Mutual Brokers, Winnipeg, Manitoba.
 Mutual Purchasing Co., Winnipeg, Man.
 Lloyd Fruit Co., Regina, Sask.
 Mutual Brokers, Vancouver, B.C.
 Dickinson Grocery Co., Dickinson, N.D.
 Mobridge Grocery Co., Mobridge, S.D.
 C. H. Robinson Co., Denver, Colo.
 C. H. Robinson Co., Detroit, Mich.
 C. H. Robinson Co., Fort Worth, Tex.
 C. H. Robinson Co., Grand Forks, N.D.
 Alexander Marketing Co., San Benito, Tex.
 No Vary Products Co., Toronto, Ont.

1918

Nash-Spokane Co., Spokane, Wash.
 White Brothers and Crum Co., San Francisco, Cal.
 Platte Valley Mercantile Co., Scottsbluff, Neb.
 C. H. Robinson Co., Omaha, Neb.
 C. H. Robinson Co., Spokane, Wash.
 Mutual Fruit Co., Vernon, B.C.

1919

Nash-Finch Company, Detroit, Minn.
 Turner-Altus Co., Altus, Okla.
 Turner-Ardmore Co., Ardmore, Okla.
 Nash-Horne Co., McAlester, Okla.
 Turner-Chickasha Co., Chickasha, Okla.
 Turner-Clinton Co., Clinton, Okla.
 Turner-Enid Co., Enid, Okla.
 Turner-Lawton Co., Lawton, Okla.
 Turner-Oklahoma Co., Oklahoma City, Okla.
 Nash-Brinlee Co., Tulsa, Okla.
 C. H. Robinson Co., Des Moines, Iowa.
 C. H. Robinson Co., Oklahoma City, Okla.

1920

Booker Fruit Co., Aberdeen, S.D.
 Kearney Grocery Co., Kearney, Neb.

1920

Smith Fruit Co., Yorkton, Sask.

1921

Houser Supply Co., Minneapolis, Minn.
 Nash-Finch Co., Bemidji, Minn.
 C. H. Robinson Co., Tulsa, Okla.
 Nash-Simington Co., Melville, Sask.
 Jack Brothers and McBurney, Brawley, Cal.

1922

Yankton Grocery Co., Yankton, S.D.
 Hastings Fruit Co., Hastings, Neb.
 North Platte Mercantile Co., North Platte, Neb.

1923

The Symonds Co., Bristow, Okla.
 Flodin Brothers Co., Burlington, Iowa.
 Nash-Flodin Co., Cedar Rapids, Iowa.
 Ottumwa-Flodin Co., Ottumwa, Iowa.
 Dingle and Stewart, Winnipeg, Man.
 Dingle Fruit Co., Brandon, Man.
 Mutual Brokers, Saskatoon, Sask.
 Mutual Brokers, Edmonton, Alberta.
 Mutual Brokers, Montreal, Quebec.
 Mutual Brokers, Toronto, Ontario.
 Robert Forbes Co., Vancouver, British Columbia.
 North Winnipeg Fruit Co., Winnipeg, Manitoba.

1924

Clinton Fruit Co., Clinton, Iowa.
 Iowa Fruit Co., Cedar Rapids, Iowa.
 C. H. Robinson Co., Cedar Rapids, Iowa.
 C. H. Robinson Co., Milwaukee, Wis.
 White Brothers and Crum Orchard Co., Lewiston, Idaho.
 Nash-Finch Co., Brainerd, Minn.
 Nash-Finch Co., Glenwood, Minn.
 Nash-St. Cloud Co., St. Cloud, Minn.
 Nash-Dietz Co., Columbus, Neb.

APPENDIX 3

THE DUTIES OF AN AGENT

The following extracts from Standard Textbooks give some of the principal rules of law applicable in agency transactions. The references are to Halsbury Laws of England and Bowstead's Agency, 7th edition, 1924.

DUTIES GENERALLY

Bowstead.

Art. 44.—It is the duty of every agent,—

- (a) to keep the money and property of his principal separate from his own and from that of other persons;
- (b) to preserve and be constantly ready with correct accounts of all his dealings and transactions in the course of his agency;
- (c) to produce to the principal, or to a proper person appointed by the principal, all books and documents in his hands relating to his principal's affairs;
- (d) to pay over to the principal on request money received in the course of the agency to the use of the principal.

Halsbury expresses duties (a), (b) and (c) as follows:—

Halsbury.

Vol. 1 P. 187.—Any money or other property entrusted to an agent by his principal, or received by him on his principal's behalf, must be kept separate and not mixed with his own, otherwise all which he cannot show to be his own will be presumed to belong to the principal.

Halsbury.

Vol. 1 P. 186.—It is the duty of an agent to keep accurate accounts of all transactions and to be prepared at all times to produce them to his principal. Further all books and documents relating to the principal's business must, on demand, be produced to the principal, or to some person named by him, provided that such person is not one against whom the agent may have reasonable grounds of objection.

CARE AND DILIGENCE

Bowstead.

Art. 45.—Every agent is bound to exercise reasonable care and diligence in looking after and protecting the moneys and property of his principal in his possession or custody or under his control.

SCRUPULOUS FAIRNESS

Art. 50.—Where an agent enters into any contract, or transaction with his principal, or with his principal's representative in interest, he must act with the most perfect good faith, and make full and fair disclosure of all the material circumstances, and of everything known to him respecting the subject matter of the contract or transaction which would be likely to influence the conduct of the principal or his representative.

When any question arises as to the validity of any such contract or transaction, or of any gift made by the principal to his agent, the burden of proving that no advantage was taken by the agent of his position, or of the confidence reposed in him, and that the transaction was entered into in perfectly good faith, and after full disclosure, lies upon the agent.

FULL AND TRUE ACCOUNTS

Art. 52.—It is the duty of every agent to make just and true accounts of his agency to his principal.

SECRET OR OTHER PROFITS

Art. 53.—No agent is permitted to acquire any personal benefit in the course of, or by means of his agency without the knowledge and consent of the principal.

Every agent must account to the principal for every benefit, and to pay over to the principal every profit acquired by him in the course, or by means of the agency without such knowledge and consent, even if, in acquiring the benefit or profit, he incurred a risk of loss and the principal suffered no injury thereby.

Halsbury expresses this duty as follows:—

Vol. 1, P. 189.—An agent must not, without the knowledge of his principal, acquire any profit or benefit from his agency other than that contemplated by the principal at the time of making the contract of agency, and this rule may apply even though at the time of the transaction itself the agency has ceased. The rule applies in spite of the fact that the agent has done his best under the circumstances, or incurred a possibility of loss, or that the principal has in fact received the benefit he himself contemplated from the transaction. All such profits and the value of such benefits must be paid over to the principal.

The law on this subject is thus stated in 25 Corpus Juris at P. 359:—

If the factor, after purchasing the goods himself resells at an increased price, the principal may require him to account for what he has received on the sale.

These are the duties of every agent. In addition the law recognizes special kinds of agents and imposes on them duties appropriate to their position. Two kinds may be mentioned—the “factor” and the “broker.”

Bowstead, p. 4.

A “factor” is a mercantile agent whose ordinary course of business is to sell or dispose of goods of which he is entrusted with the possession or control by his principal.

A “broker” is an agent whose ordinary course of business is to negotiate and make contracts for the sale and purchase of goods and other property of which he is not entrusted with the possession or control.

Bowstead, p. 156.

It is the duty of a “factor,”—

- (1) to give his principal the free unbiased use of his judgment and discretion;
- (2) to act in person unless authorized to delegate his authority;
- (3) to keep and render just and true accounts;
- (4) to keep the property of the principal separate from his own and from that of other persons.
- (5) to keep each sale distinct and separate from other transactions;
- (6) to account for goods sold, pay over the proceeds, and deliver unsold goods to the principal on demand;
- (7) to keep goods entrusted to him for sale with as much care as would be taken by a prudent man in respect of his own goods, and not to barter, or pledge them unless expressly authorized to do so;
- (8) to insure goods consigned to him if instructed to do so, or if it is the custom to do so;
- (9) not to purchase the principal's goods for himself, without full and fair disclosure.

It is the duty of a “broker”:—

- (1) to make a careful estimate of the value of goods which he is instructed to sell so that he may not sell them for less than their value;
- (2) to exercise skill and fairly communicate his opinion to his principal;
- (3) not to deliver goods sold by him, except in accordance with the terms of sale;
- (4) not to sell his own property to his principal, nor buy the principal's property himself without full and fair disclosure.

729	"	11	Mutual (Van.) Ltd.	Victoria, B.C.	344	"	"	1,608 88	33 11	17 20	Ct.	10 00	1,868 09	1,778 49	111 50
732	"	12	"	"	331	"	"	1,557 62	32 05	16 55			1,806 22	1,722 34	116 32
734	"	13	"	"	284	"	"	1,197 10	24 42	7 52			1,229 14	1,239 39	30 25
736	"	13	Mayne Is. Nurseries	Mayne Island	26	"	"	110 06	2 64	0 87	HH.	0 29	117 86	241 30	23 44
738	"	14	Mutual (Van.) Ltd.	Victoria, B.C.	19	Bx.	Toms.	51 90					51 90	57 50	5 60
					18	"	Cakes.								
741	"	16	"	"	158	"	Toms.	715 95	14 38	7 90			738 23	735 20	56 97
744	"	17	"	"	184	"	"	657 86	14 84	7 70			680 20	736 51	56 11
746	"	17	Mayne Is. Nurseries	Mayne Island	184	"	"	141 70	17 29	1 08	HH.	0 36	146 43	174 75	28 32
748	"	18	Mutual (Van.) Ltd.	Victoria, B.C.	184	"	"	800 00	17 72	9 20			832 92	896 83	63 91
750	"	19	"	"	103	"	"	440 70	8 82	6 15			455 77	494 17	38 40
755	"	20	"	"	271	"	"	1,131 70	28 07	13 55			1,168 32	1,321 75	153 43
757	"	20	Mayne Is. Nurseries	Mayne Island	23	"	"	1 83 72	2 11	0 69	HH.	0 23	96 75	117 75	21 09
759	"	21	Mutual (Van.) Ltd.	Victoria, B.C.	251	"	"	1,183 15	24 00	12 55			1,224 70	1,311 50	86 60
763	"	23	"	"	412	"	"	1,775 50		31 52			1,805 02	1,975 25	170 23
			Total					47,344 81					49,028 83	50,815 66	3,480 67

APPENDIX 5

STATEMENT prepared by Miss Gibson, Book-keeper of Mutual (Vancouver) Ltd., for 1924, showing moneys to be repaid to growers of the Victoria Hothouse Association.

Lot Number	Toms	Cukes	Sold for	Pr.	Deduct 25c. per Crate	Deduct 15c. per Dozen	Amount to be Remitted	Amount Remitted	Balance Due Shipper	Balance Due Mutual
			\$ cts.	cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
556.....	6		60 00		1 50		58 50	56 09	2 41	
563.....	5		42 00		1 25		40 75	39 11	1 64	
564.....		73	137 75			10 95	126 80	125 59	1 21	
567.....	21		163 50		5 25		158 25	152 67	5 58	
568.....		60	116 00			9 00	107 00	104 89	2 11	
570.....		46	88 50			6 90	81 60	79 67	1 93	
571.....	21		128 00		5 25		122 75	118 50	4 25	
575.....		29	56 00			4 35	51 65	50 36	1 29	
576.....	43		241 00		10 75		236 25	228 25	8 00	
581.....		44	90 00			6 60	83 40	81 13	2 27	
582.....		88	170 50			13 20	157 30	155 78	1 52	
583.....		161	297 75			24 15	273 60	270 58	3 02	
585.....	104		618 00		26 00		592 00	572 29	19 71	
587.....		84½	164 75			12 68	152 07	148 73	3 34	
588.....	78		533 75		19 50		514 25	495 46	18 79	
589.....		15	27 08			2 25	24 83	22 98	1 85	Apr.
593.....		120½	201 05			18 07	182 98	184 95		1 97
598.....	29		203 00		7 25		195 75	188 60	7 15	
599.....		47½	89 75			7 13	82 62	74 20	8 42	
602.....	88		612 25		22 00		590 25	560 80	29 45	
603.....		87	158 50			13 05	145 45	142 79	2 66	
604.....	105		731 50		26 25		705 25	669 95	35 30	
605.....		123	237 25			18 45	218 80	214 61	4 19	
611.....	8		46 50		2 00		44 50	45 30		0 80
612.....		71	123 88			10 65	113 23	110 35	2 88	
618.....		94½	145 05			14 17	130 88	122 55	8 33	
623.....		41	80 50			6 15	74 35	70 70	3 65	
624.....	70		483 00		17 50		465 50	441 85	23 65	
625.....	258		1,796 00		64 50		1,731 50	1,647 30	84 20	
626.....		43½	79 25			6 53	72 72	69 10	3 62	
627.....		99	178 75			14 85	163 90	155 70	8 20	
633.....		70½	125 75			10 57	115 18	109 85	5 33	
634.....	361		2,489 50		90 25		2,399 25	2,304 45	94 80	
635.....	1		7 00		0 25		6 75	5 85	0 90	
636.....	268		1,856 00		67 00		1,789 00	1,700 03	88 97	
637.....		186	306 51			27 90	278 61	281 60		2 99
642.....	329		2,286 50		82 25		2,204 25	2,111 45	92 80	
643.....		96½	176 50			14 48	162 02	165 56		3 54
646.....		139	201 75			20 85	180 90	171 90	9 00	
647.....		84	141 00			12 60	128 40	121 05	7 35	
648.....	360		2,405 53		90 00		2,315 53	2,217 55	97 98	
652.....	456		3,075 00		114 00		2,961 00	2,833 50	77 50	
653.....		195	325 50			29 25	296 25	292 05	4 20	
654.....	4		27 00		1 00		26 00	24 96	1 04	
657.....		143	214 50			21 45	193 05	183 40	9 65	
660.....		230	402 25			34 50	367 75	348 45	19 30	
663.....	567		3,587 00		141 75		3,445 25	3,202 25	243 00	
664.....		74	112 00			11 10	100 90	92 35	8 55	
669.....	3		20 50		0 75		19 75	17 99	1 76	
669.....		98½	152 75			14 78	137 97	122 55	15 42	
670.....	37		226 00		9 25		216 75	205 90	10 85	
671.....	27	6	162 00		5 00	0 90	146 10	132 70	13 40	
673.....	604		3,135 55		151 00		2,984 55	2,835 50	149 05	
674.....		195½	317 75			29 32	288 43	281 50	6 93	
675.....	10		53 50		2 50		51 00	47 09	3 91	
677.....		216½	316 50			32 47	284 03	272 35	11 68	
677.....	9		49 50		2 25		47 25	44 90	2 35	
680.....		64	87 63			9 60	78 03	75 71	2 32	
683.....	698		3,703 57		174 50		3,529 07	3,432 80	96 27	
685.....	10		51 00		2 50		48 50	43 22	5 28	
688.....		292	493 85	0 50			449 55	436 59	12 96	
690.....	10		55 00		2 50		52 50	50 00	2 50	
691.....	632		3,274 57		158 00		3,116 57	2,950 55	166 02	
692.....		125	200 13			18 75	181 38	172 85	8 53	
694.....	19		100 00		4 75		95 25	84 28	10 97	
697.....	104		514 00		26 00		488 00	463 65	24 35	
698.....		269	434 03			40 35	393 68	380 00	13 68	
701.....	456		2,296 57		114 00		2,182 57	2,065 46	117 11	
702.....		259	378 25			38 85	339 40	325 12	14 28	
703.....	372		1,899 14	1 00	93 00		1,805 14	1,704 00	101 14	

Lot Number	Toms	Cukes	Sold for	Pr.	Deduct 25c. per Crate	Deduct 15c. per Dozen	Amount to be Remitted	Amount Remitted	Balance Due Shipper	Balance Due Mutual
			\$ cts.	cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
704.....		56	111 00	0 20		8 40	102 40	97 56	4 84	
707.....	18		100 75		4 50		96 25	81 77	14 48	
710.....	271		1,534 93		67 75		1,467 18	1,392 80	74 38	
714.....	97		498 50		24 25		474 25	450 00	24 25	
715.....		219½	326 00			32 93	293 07	285 05	8 02	
722.....	236		1,203 74		59 00		1,144 74	1,087 96	56 78	
723.....		234½	347 00			35 17	311 83	302 55	9 28	
724.....	35		184 65		8 75		175 90	155 81	20 09	
729.....	344		1,776 24	1 00	86 00		1,689 24	1,606 68	82 56	
732.....	331		1,712 34	1 00	82 75		1,628 59	1,557 62	71 97	
733.....		358½	479 25			53 78	420 74	412 51	7 96	
734.....	254		1,258 40		63 50		1,194 90	1,197 10		2 20
735.....		62½	71 13			9 38	61 75	60 08	1 72	
736.....	29		141 30		7 25		134 05	116 06	17 99	
738.....	9	4	57 50		2 25		54 65	51 90	2 75	
739.....		67	100 50			10 05	90 45	86 10	4 35	
741.....	158		788 95		39 50		749 45	715 95	33 50	
742.....		208	246 73			31 20	215 53	203 25	12 28	
744.....	154		736 31		38 50		697 81	657 66	40 15	
745.....		73	110 50			10 95	99 55	94 05	5 50	
746.....	36		174 75		9 00		165 75	141 70	24 05	
748.....	184		896 83		46 00		850 83	806 00	44 83	
749.....		195½	170 23			9 83	160 40	133 00	27 40	
750.....	6	4	41 00		1 50		38 90	36 95	1 95	
751.....	103		494 17		25 75		468 42	440 70	27 72	
752.....		156	196 48			23 40	173 08	163 28	9 80	
755.....	271		1,262 60	15 00	67 75		1,179 85	1,131 70	48 15	
756.....		29	39 50			4 35	35 15	33 20	1 95	
757.....	23		117 75		5 75		112 00	93 72	18 28	
759.....	251		1,311 50		62 75		1,248 75	1,188 15	60 60	
760.....		39	49 50			4 85	44 65	41 50	3 15	
763.....	412		1,975 25	38 50	103 00		1,833 75	1,773 50	60 25	
769.....	38		160 25		9 50		150 75	132 41	18 34	
783.....	24		106 75		6 00		100 75	87 64	13 11	
Totals.....	6,835	3,679	41,009 82	57 20	1,708 75	531 36	38,707 78	36,787 02	1,923 69	11 50

LOT RECORD—Concluded

Lot No.	Date	Shipper	Address	Contents	Invoice	Frts.	Ctgs.	Other Expense	Total Expense	Net Sales	Profit
					\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
668	1924	Central Fruit Dis.	Mission, B.C.	466 " "	575 65						
669	May 26	Mutual (Van) Ltd.	Victoria, B.C.	88 " Cukes.	122 55		Regina	25 00	601 95	626 90	24 80
672	" 26	Three Rivers Gr. Assn.	Kennerwick, Wn.	60 " Grass.	42 78		Mt. Reg. Salt	1 35	181 32	151 43	21 43
674	" 27	Mutual (Van) Ltd.	Victoria, B.C.	174 " Cukes.	281 50		3 00	Duty 13 77	58 80	105 00	21 20
675	" 28	Exchange	"	201 " Cukes.	272 35	9 42	8 70		299 62	318 00	18 38
678	" 28	Dewdney R. & V. Assn.	Salmon Arm, B.C.	64 " Rhubarb.	12 33	9 80	10 05		292 20	316 50	24 30
680	" 29	Mutual (Van) Ltd.	Dewdney, B.C.	590 " Rhubarb.	600 78	14 40	3 20		625 78	35 33	5 40
688	" 31	"	Victoria, B.C.	60 " Cukes.	75 71		Calg.	25 00	71 45	85 67	14 22
692	" 31	"	Victoria, B.C.	227 " Cukes.	436 59	2 79	3 00		81 50	483 83	6 13
695	" 3	Wm. Muir.	"	125 " Lettuce.	172 85	12 34	7 35		456 28	468 85	37 57
			City.	285 " Lettuce.	615 38	18 75	6 25		197 82	268 33	12 28
			Victoria, B.C.	33 " Cauliflower.	380 00		Wng.	25 00	640 38	693 75	53 37
698	June 4	Mutual (Van.) Ltd.	Dewdney, B.C.	227 Bx Cukes.	668 04	11 57	11 35		693 04	820 43	31 11
699	" 4	Dewdney R. & V. Assn.	City.	28 Cx Lettuce.	325 12		Calg.	25 00	50 40	349 09	29 16
702	" 5	Mutual (Van.) Ltd.	Victoria, B.C.	241 Bx Cukes.	97 56	2 81	2 80		103 17	111 10	7 93
704	" 6	Wm. Muir.	"	56 " "	754 80		Broker.	25 00	779 80	872 00	92 20
708	" 6	Fruit & Mercantile.	Mission, B.C.	286 H Lettuce.	37 05	4 07			41 12	50 40	9 28
715	" 9	Mutual (Van.) Ltd.	Victoria, B.C.	36 Bx Rhubarb.	285 05	8 25	9 75		303 05	326 00	22 55
718	" 9	Walla Walla Gard.	Walla Walla, B.C.	195 " Cukes.	632 72	213 77	Duty	170 44	1,016 83	1,069 19	52 26
			"	230 " Cabbage.	69 00				80 06	96 60	16 54
719	" 9	Fruit & Mercantile.	Mission, B.C.	161 " Cukes.	302 55	7 61	3 45		320 11	347 00	26 89
723	" 10	Mutual (Van.) Ltd.	Victoria, B.C.	12 " Rhubarb.	3 00	8 00	8 05		11 00	16 80	5 80
727	" 10	Robt. Efford & Co.	City.	208 Cx Lettuce.	364 40		Calg.	25 00	389 40	396 40	7 00
728	" 10	Swartz Bros.	City.	15 Bx Rhubarb.	412 25				11 25	21 00	9 75
733	" 12	Mutual (Van.) Ltd.	Victoria, B.C.	262 " Cukes.	60 03	16 07	7 86		436 44	474 25	37 81
735	" 13	"	"	55 " Cukes.	86 50	2 60	1 65		64 28	71 13	6 35
739	" 14	"	"	60 " "	2 79	2 79	1 80		90 69	100 50	9 81
740	" 14	Walla Walla Gard.	Walla Walla, B.C.	75 " Grass.	570 85	213 23	161 82		945 90	967 83	22 03
742	" 16	Mutual (Van.) Ltd.	Victoria, B.C.	239 " Cabbage.	203 25				219 47	246 73	27 25
743	" 16	Wm. Muir.	City.	250 Cx Lettuce.	1,167 50		7 05		1,217 50	1,370 50	153 00
			"	30 " Caulif.			Reg. Wps.	25 00			
			"	30 " Rhubarb.				25 00			
745	" 17	Mutual (Van.) Ltd.	Victoria, B.C.	73 " Cukes.	94 05	3 40	3 65		101 10	110 50	9 40
752	" 18	"	"	102 " "	133 00	6 47	5 10		144 57	170 23	25 66
758	" 19	Wm. Muir.	"	101 " "	163 28	5 69	5 05		174 02	196 48	22 46
			City.	220 " Lettuce.	417 00		Wps.	25 00	442 00	483 00	41 00
			"	20 " Caulif.							
762	" 21	Wm. Muir.	City.	300 Sx Spuds.	1,506 25		Reg. Edmon.	25 00	1,556 25	1,670 00	113 75
			"	125 Cx Lettuce.				25 00			
			"	40 " Caulif.							
			"	150 Sx Spuds.							

APPENDIX 7

CORRESPONDENCE DEALING WITH ATTITUDE OF NASH
ORGANIZATION TO GROWERS AND GROWERS'
ORGANIZATIONS

1923

<i>Date</i>	<i>From</i>	<i>To</i>
January 22.. . . .	E. C. Skinner.. . . .	G. H. Snow.
March 28.. . . .	W. E. Carruthers.. . . .	G. H. Snow.
March 28.. . . .	W. E. Carruthers.. . . .	G. H. Snow.
March 29.. . . .	Mutual (Vancouver) Ltd.. . . .	W. E. Carruthers.
		J. A. Simington.
		E. G. Skinner.
April 4.. . . .	W. E. Carruthers.. . . .	G. H. Snow.
July 12.. . . .	W. E. Carruthers.. . . .	Wm. Colquhoun.
		S. P. Lloyd.
		J. S. Browne.
		J. A. Simington.
July 12.. . . .	Pacific Berry Growers.. . . .	W. E. Carruthers.
July 30.. . . .	W. E. Carruthers.. . . .	G. H. Snow.
August 9.. . . .	G. H. Snow.. . . .	W. E. Carruthers.
October 21.. . . .	J. A. Simington.. . . .	W. Colquhoun

1924

January 26.. . . .	W. E. Carruthers.. . . .	G. H. Snow.
January 26.. . . .	W. E. Carruthers.. . . .	G. H. Snow.
February 16.. . . .	W. E. Carruthers.. . . .	G. H. Snow.
February 18.. . . .	W. E. Carruthers.. . . .	G. H. Snow.
February 22.. . . .	Mutual (Vancouver) Ltd.. . . .	W. E. Carruthers.
March 3.. . . .	L. R. Staples.. . . .	W. Colquhoun.
April 7.. . . .	W. E. Carruthers.. . . .	Mutual (Vancouver) Ltd.
April 22.. . . .	W. Colquhoun.. . . .	E. C. Skinner.
April 30.. . . .	W. E. Carruthers.. . . .	J. H. Reader.
June 5.. . . .	Carruthers.. . . .	J. A. Simington.
June 16.. . . .	J. A. Simington.. . . .	W. E. Carruthers.
June 7.. . . .	Mutual Brokers.. . . .	Mutual (Vancouver) Ltd.
June 7.. . . .	Mutual Brokers.. . . .	R. B. Staples.
June 9.. . . .	W. E. Carruthers.. . . .	R. B. Staples.
June 9.. . . .	W. E. Carruthers.. . . .	Mutual (Vancouver) Ltd.
June 23.. . . .	W. E. Carruthers.. . . .	J. A. Simington.

VANCOUVER, B.C., August 9, 1923.

Mr. W. E. CARRUTHERS,
c/o Acme Fruit Co.,
Calgary, Alta.

DEAR BILL:—

As far as the tomato deal is concerned, this is all fixed up for 1924. As far as the executive is concerned we will handle it again. The annual meeting is not until some time next January and there will be no meetings held in the meantime to consider who will handle the deal. Our best plan will be to go over there and meet the executive and some of the larger growers individually, but there will be no possibility of any signature on the dotted line until next spring.

We will, however, be very glad to see you and Regina Bill. You can greatly assist us in lining up new arguments in any fights we may have next winter.

As far as the Mainland Association is concerned, we would not consider for one moment handling their deal. We are going fast enough to the nut-house as it is without having these birds greasing the skids for us en route.

Yours very truly,
G. H. SNOW.

VERNON, B.C. January 22, 1923.

GEO. SNOW,
Vancouver, B.C.

DEAR SNOW,—Nothing very much new. Think things are going through up to the signing of the contracts, but do not know how the growers will take to these. It does not look like any British Columbia man would be in line for the big job.

I am going to Kelowna this afternoon to attend the death of the Traffic Association.

Eddy still seems disturbed about his gang and he is afraid of Hatzic. Think he is going to try to have Sapiro's man go there and try to organize all the Berry Growers together including Gilland and the Island. Don't think he can do it, and still think it is to our interests to keep these fellows apart if possible. If I were in your position I would depend on Gilland a good deal.

We are going to try to keep our own growers in line as much as possible so we can still stay in business if we don't get what we want from the new co-op.

Yours very truly,

E. C. S.

ECS/S

When will Jameson be ready for these apples.

W. E. CARRUTHERS,
510 9TH AVE. W.

CALGARY, ALBERTA, March 28, 1923.

Mr. GEO. SNOW,
c/o The Mutual (Vancouver) Ltd.
Vancouver, B.C.

DEAR SIR,—Mr. Grant returned to-day and advised Morgan that he understood the Mainland Tomato Growers had given their stuff to the Growers Sales. No doubt this is a disappointment to you as the deal would have been much better handled from our point of view had we controlled the situation.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

W. E. CARRUTHERS,
510 9TH AVE. W.

CALGARY, ALBERTA, March 28, 1923.

Mr. GEO. SNOW,
c/o The Mutual (Vancouver) Ltd.
Vancouver, B.C.

DEAR SIR,—

I realize that Landry will be a strong friend of ours and I think Eddie will go as far as he can to swing the deal our way, although I know that the co-operation bug is pretty strong with him. I am satisfied that if Landry also has a chance he will sell our plan to Miller and as I recollect Miller he is a man of fairly sound judgment and one who is not easily excited or lead by the crowd. I think also that Simpson is pretty level headed and will lean our way.

The point I wish to make is, that if Doberer makes all the trips to the Prairies and then carries the dope back to the other four, they will be liable to be mislead if he takes for gospel the dope that the opposition pack give him. Morgan asked Grant what percentage of the berries the Association would handle; he gave it as his opinion that he thought they would have 35 per cent of the strawberries and 90 per cent of the raspberries. Do you think that Gilland would control over 10 per cent of the rasps?

I am going to Vernon to-night and will be there two or three days as Skinner feels he needs a little assistance on that deal as it is boiling down to the finals. I certainly don't want to make any trips to the coast until we are ready to do business. I am going to try and get back here to meet Gilland on Monday, but of course with Colquhoun and Logan here it is not at all necessary that I be present. I will try, however, to see Gilland en route somewhere.

Yours truly,

(Signed) W. E. CARRUTHERS.

VANCOUVER, B.C., March 29, 1923.

Mr. W. E. CARRUTHERS,
c/o Acme Fruit Company,

Calgary, Alta.

DEAR SIR,—The writer met the executive and general manager of the B.C. Berry Growers Co-Operative Union yesterday afternoon. The stand taken by these gentlemen is that they must find means of distribution so that the independents on the prairies are taken care of and are placed in such a position that they will give their whole support to the sale of British Columbia berries.

We suggested to Mr. Doberer that he go to Calgary and see Mr. Carruthers, seeing that we had nothing to offer excepting an exclusive deal on the same terms as we are handling Victoria and Haney berries.

We might add that we were accused of taking care of the new Gilland plant at Mission and also informed that if we had refused to handle Gilland and Tanner's berries, these would now be in the Co-Operative Union.

These are nice farmer arguments and would be fine if we were a charitable organization looking out for the other fellow and not for ourselves.

It may be June before any decision is made as to how these berries are going to be handled. Deborer is under the impression that he can force us to accept their terms. Personally, I do not see why we should worry. At heart they know they cannot carry on without us and we have got a fine club in having Victoria and Haney with us. We will now have to wait until Deborer pays his visit to Calgary about the 8th or 10th of April.

Yours truly,

MUTUAL (VANCOUVER) LIMITED.

Copy to Mr. J. A. SIMINGTON, Minneapolis, Minn.

Mr. E. G. SKINNER, Vernon, B.C.

W. E. CARRUTHERS,
510 9TH AVE. W.

CALGARY, ALTA., April 4, 1923.

Mr. G. H. SNOW,

Care The Mutual (Vancouver) Ltd.,
Vancouver, B.C.

DEAR SIR,—Skinner and I framed to meet Deborer at Salmon Arm Saturday night Skinner making the excuse that he wanted to see him about some traffic matters, so I drove over and took the train home from there. We succeeded in getting his "NIBS' GIN" up a bit and then Skinner started to treat him rough, not, however, till Deborer had thrown some rather drastic insinuations about us backing Gilland, and lining up with the Island and Gilland so that it made it an impossible task for them to get them into their Co-op. We framed that Skinner should treat him rough and I should play the peacemaker and it worked out fine. We got the old bird real mad and then he quieted down and talked sensible. He did, however, say that you had committed yourself to the extent of stating that we did not put any cash behind Gilland and Deborer wished to infer from this that you intimated that we had arranged some backing for him or something of that sort. Immediately he pulled this, Skinner told him that he was lying and that you never said any such thing because it was impossible for you to make such an assertion as you knew well we had nothing to do with Gilland. The old man has a pretty good poker face and he was just trying to bluff this across to see what we would say, but did not get away with it.

Skinner was talking of going to the Coast with his wife in about a week or ten days for a few days rest, and as he has a great influence with Deborer I can see no harm in a little get together out there, and Skinner would be invaluable in assisting you to knock him over if you thought it was necessary.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

(Copy for Mutual Vancouver Ltd.)

CALGARY, July 12, 1923.

WM. COLQUHOUN,

S. P. LLOYD.

J. S. BROWNE.

Copy J. A. SIMINGTON.

DEAR SIR,—As you know all interests had a meeting at the coast on Tuesday including J. A. Grant, to try and frame up the raspberry deal. They decided to sell all their berries at \$2.65 f.o.b. shipping point and that no cars would be rolled unsold, and all agreed to sign the dotted line on this basis. Immediately Gilland wired this to me I got in touch with John Burns and found that he had a telegram from Doberer outlining arrangements but said nothing about agreeing not to roll any unsold cars. So I quoted Burns my wire from Gilland, in fact gave him a copy of it, and asked him to put it up to Doberer to get his confirmation that he would roll nothing unsold. I also wired Gilland tipping him off to Doberer's wire and asking him to get Doberer on the dotted line. I have not heard from John Burns since and as Grant returns this afternoon he wired ahead calling a meeting for 5.30.

In view of market reports from all markets this morning as to the situation I again wired Gilland stating that I believed he could get no where with Doberer on such an agreement and that I felt we should go ahead and hoe our own row, although the plan arrived at at the meeting would relieve me of any responsibility except in regard to seeing that proper distribution was had. I asked him to nail Doberer down to-day so that I would know just exactly where I stood in attending this meeting. I received from Gilland the following reply:—

"Tut has weakened and got behind the skirts of his famous executive. Now says he will sign if both brokerage houses get behind raspberry deal as a whole. This shows he is afraid his gang are not able to handle deal. Stop. Think best plan for you give them no help just tell them you have all the raspberries you need, think you should force opposition to make three dollar price on raspberries first as Grant claims there was no need of three dollar price on strawberries but that it was a pre-meditated affair on your part and that Mr. Simington was the man responsible for it. These are the words he used at meeting here Tuesday.

Incidentally you will notice what Grant tacks on to the writer and Mr. Simington, and as I have frequent discussions between Grant and Carruthers personally when we talk frankly with one another by arrangement at first opportunity I am going to quote him this little bit of scripture and nail him down.

I think what the old man does in order to escape punishment, he adopts Tommy Gibbon's tactics and he is very elusive no matter what company he is in. At any rate the above wire from Gilland is exactly what I thought would happen and what I wanted to happen and I think Gilland as outlined exactly how we should handle this deal. I declined in my wires yesterday to the office to name a \$3 price on rasps as we have the short end of the crop and I would like the onus for breaking the price to rest with them. Certainly our organization can handle all the rasps we are getting at \$3.25 if the opposition pack can and I may tell you candidly in a personal conversation with Landry this morning he states that they are all sore at one another, sore at Doberer and fully realize that they have bitten off more than they can chew, and Landry also told me that he was more than ever convinced that we gave the opposition a square deal last year and are the only people to handle the whole deal.

I wish that you boys would discuss this with the boys in your markets and acquaint them with our plan and we shall roll the stuff to the different markets as usual and if a break comes you will have stuff to go ahead at the new price. Seems to me this is the only basis we can work on without reducing to a \$3 price. I will attend the meeting this afternoon, but will let them do the talking, and I am right now personally of the opinion that their leading jobbers will urge a \$3 price immediately. If all our boys realize the situation and handle this deal the way I want to handle it as outlined above I am satisfied before the week turns round they will be hopelessly buried in raspberries.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

VANCOUVER, July 12, 1923.

W. E. CARRUTHERS,

Calgary, Alta.

DEAR SIR,—We are in receipt of your wire of this date and in reply have wired you as follows:—

Tut has weakened and got behind the skirts of his famous executive now says he will sign if both brokerage houses get behind raspberry deal as a whole, this shows

he is afraid his gang are not able to handle deal. stop. Think best plan for you give them no help just tell them you have all the raspberries you need, think you should force opposition to make three dollar price on raspberries first as Grant claims there was no need of three dollar price on strawberries but that it was a premeditated affair on your part and that Mr. Simington was the man responsible for it, these are the words he used at meeting here Tuesday.

In explanation of this proposition would say that Mr. Grant came along here and called a meeting for last Tuesday, which was attended by Mr. Fisher, Tut, Mr. Grant and myself, and we had a very heated discussion on the marketing of berries. Mr. Doberer blamed you people for what he claimed was the bad handling of the strawberry deal, he and I got into a scrap over this and just as we got going nicely Mr. Grant chirped up and made the remark that the \$3 price on strawberries was premeditated affair on the part of the Nash houses and that Mr. Simington was the man who was responsible for it, and that it was absolutely unnecessary to make this price to move the berries, and it was done for the benefit of the jobbing houses. Therefore, as Mr. Grant had been on the ground during the berry season and knew more about the situation than I did, it was practically impossible for me to carry the argument any further against him and Tut. Tut wanted to put over a proposition whereby we would agree to restrict our shipments to suit him and I came forward with the counter proposition that if he was really conscientious and honest about wanting to get a decent price for the growers, that we would name a minimum f.o.b. price of \$2.65, and each man go out and sell all the berries he could at this price. What berries could not be sold at this price each organization would have to look after the processing of its own berries.

Grant thought this was a good proposition and boosted it, Fisher was agreed and Tut finally agreed and promised to sign an agreement to this effect which was to have been drawn up by Mr. Grant. However, when Tut went back to his executive they evidently dished the plan, and I now am of the opinion that the only thing to do is to go ahead the same as we did with the strawberries, and in face of all the lies and propaganda that Tut has spread about you people during the last month, if any of your houses handle a single crate of his berries from now on I hope they will choke.

From present crop indications I don't think there will be more than 100 cars of raspberries at the outside shipped from the combined districts. The weather is very hot here at present and causing considerable damage to the berries. I just had a phone message from Mission saying that the Inspector had turned down all the raspberries they received at the Fruit and Mercantile yesterday as being unfit for shipment. I understand they now have about 3,000 crates on their floor which they are dumping into pails.

Trusting they will get all the grief that it is possible to get during the next two weeks, we remain,

Yours truly,

PACIFIC BERRY GROWERS LIMITED,

Per (Sgd.) E. M. GILLAND.

W. E. CARRUTHERS,
510 9TH AVE. W.

CALGARY, ALBERTA, July 30, 1923.

Mr. GEO. SNOW,
c/o Mutual (Vancouver) Ltd.
Vancouver, B.C.

DEAR SIR,—I notice from exchange of correspondence with Mr. Simington that he expresses some surprise at extending twelve instead of ten to Gilland. However, as you know, I O.K'd the twelve and as I am authorized by Resolution last December I have called this matter to his attention and he can look it up for himself. If there is anything further comes up in the matter which you feel that you do not like to discuss with Gilland, you might hold it over as I contemplate making a trip to the Coast in another two weeks from Colquhoun and possibly Logan will accompany me.

Yours truly,

W. E. CARRUTHERS.

WEC/MA

(Canadian National Telegram)

MINNEAPOLIS, MINN., October 21, 1923.

WM. COLQUHOUN,
Care Mutual Brokers, Regina, Sk.

Skinner wires as follows confidentially all shippers having trouble large percentage onions showing poor curing some rot and large number doubles looks like cheap low grade onions for a while suggest most rigid inspection any stock bot to hold if this any benefit you are welcome.

J. A. SIMINGTON.

MINNEAPOLIS, MINN., January 26, 1924.

DEAR GEORGE:

Believe no new developments with Associated. Think McNair fired, but probably only for winter months. You play Associated strong, give them plenty wiseacre wires, how you pulling for them, etc., lots of bull, no sting for want you get in strong so when next year deal comes up we going ask exclusive Vancouver, Toronto, and Montreal or they go hell on Prairies. Play up strong to them but be sure get yours as you go along December was very good month for Alberta and British Columbia. Earnings in all approx. \$30,000, best December in ages and this district best of all so am naturally pleased.

Yours truly,

W. E. C.

MINNEAPOLIS, MINN., January 26, 1924.

DEAR GEORGE:

Savage was after Colquhoun at Winnipeg Convention to get our Commission on berry deal bumped up but Bill put him off stating I handled that deal, so I thought you might ooze it to Eddie and I think he and you ought to try win over McLean, as no hope with Simpson. At any rate, to hell with them, we not going spend any more money on it. . . .

Yours truly,

W. E. C.

CALGARY, February 16, 1924.

Mr. GEO. SNOW,
c/o The Mutual (Vancouver) Ltd.,
Vancouver, B.C.

DEAR SIR,—Glad to have your wire this morning re the berry situation. I presume that Tanner and his directors are appointed for this year and if this is the case I think Boyd Oliver might talk his head off to the growers, but he will have some time convincing Tanner that he should link up with the mainland bunch.

I think you should suggest to Gilland that he phone up Tanner every day or two so that he will not weaken, and every opportunity I had of seeing Eddy I would encourage him in the co-operative plan, by doing this you will hold his good-will and of course the last thing we should do is to discourage the co-operative bug which he so strongly advocates. By doing this we will hold the good-will of the entire crowd and I am satisfied that Eddy will stay with us if he can hold the gang together. It would be much easier for us to deal with them than were we obliged to deal with the different units separately and what a Devil of a time we would have when it comes to selling the berries to quiet the Bolshevik rumors which would be bound to be circulated in their districts.

Keep closely in touch with Eddy, assure him of our sympathy with his cause and we shall have no fears of his support.

Yours truly,

(Sgd.) W. E. CARRUTHERS.

February 18, 1924.

GEO. SNOW, Esq.,
c/o Mutual (Vancouver) Ltd.,
Vancouver, B.C.

Dear Sir,—Copies of the letters that you are writing to Mr. Simington, in connection with Berry deal, are very interesting. With the bunch that are at present connected with the B.C. Berry Growers, in power, it looks as though you are going to have a yearly battle. How long is it going to take you to put the skids under Messrs. Simpson and McLean? If you don't get them pretty soon they will get you.

Yours truly,

WC/B.

(House Correspondence)

VANCOUVER, B.C., February 22, 1924.

W. E. CARRUTHERS, Esq.,
c/o Messrs. Acme Fruit Co. Ltd.,
Vernon, B.C.

Re Berry Situation

DEAR SIR,—The writer attended the Berry Meeting at Mission on Wednesday, and listened to the usual line of Growers' chatter. Nothing was accomplished, and the meeting is to be continued at a later date. You will have noticed by the report in the *Province* that the meeting took place, and the *Province* report is a very fair one of it. Our men at Hatzic still contend that they are going to pull out from the Central, but we are still waiting to see the operation performed. We are getting a little weary of the battle and intend to lay off for some days, as we have gone as far as we dare at the present time. We understand that the Bank of Commerce Manager at Mission is using his influence with the Growers to swing our way. The Central Fruit Distributors and Gilland will certainly have more raspberries this year than last.

We had a two-hour session with Simpson a couple of days ago, most of the time being spent by each of us waiting for the other one to say something. We made Simpson admit that our service was the best, and he told the writer that McLean is against us. We asked Simpson why, and he said he presumed that there was no reason that he had to be against someone so chose us. In a letter from Bill Colquhoun to-day he suggests that unless we put the skids under McLean and Simpson pretty soon that they will have them under the writer in the near future. However, we will tell Bill that they may take us for a ride but we shall have a return ticket. There is supposed to be a final wind-up meeting the beginning of March. It will be a show-down whichever way it goes, and we will have the satisfaction of knowing that we have done everything possible to land these birds into our net. Eddie is drifting out of the picture, and we do not think that we will get very much help from that quarter, as we think he will leave the camp altogether shortly.

(You won't believe this.—G.)

Yours truly,

MUTUAL (VANCOUVER) LIMITED,

Sgd. G. H. SNOW.

GHS/G

(House Correspondence)

March 3, 1924.

DEAR BILL:

Barney has gone, and although he has quite a few friends in the organization he has only one on the advisory board and that is Howe; That is when it comes to his appointment as general manager. Basil I think is electioneering for himself and Barratt the same. Campbell and Scott are theorists and I think they are both strong for outside talent.

I still think that Barney would take the big job if he had a majority of the board behind him solid. There is also a rumour that he figures on starting up again this season with two of his former associates Dick and Hamilton, but nothing will be known definitely about this for a little while. Basil has been down around Creston to organize the bunch down there.

Your letter about buying British Columbia apples was sure a good one on Bill and had the right effect. I intimated to Barney that you were working hard to help him clean up. He asked me why I thought so and I told him that you had apparently circularized quite a few jobbers and I had a copy of the circular. He was very anxious to see it and I showed it to him. He dropped the news to Basil and to Howe, and I think it will have a good effect. There is one thing you can figure on the Bill and that is that Montreal is coming into the next interview you have with the Associated regarding Brokerage. Frank has been pretty rough there this season. I would say he has represented the jobbers rather than the Associated and I know the Board feel that way too and so did Barney.

Collections are very slow on account of the returns being slow. I think there is a move under way for the adoption of the Pooling system which I outlined to them last June. I think it sounded too simple then.

Yours very truly,

LRS.

April 7, 1924.

MUTUAL (VANCOUVER) LTD.,
Vancouver, B.C.
Attention Mr. Snow.
DEAR SIRS—

It is early yet, George, to decide on anything definite. Personally I don't feel that we should chase after any of them and I don't see why we cannot keep in with both the Associated and all the Independents. Certainly they need us for distribution and in view of the record we established last year, I imagine they would all be anxious to secure us as their distribution. I see how you feel about Barney's account. Possibly you could arrange for Barney to give it to Parky and keep it confidential until later in the season when we see what develops. No doubt Gibby could take on Skinner's account, so your old friends the Associated could give their account to you. Seems to me this is a season which will call forth real diplomacy and the most excellent no doubt win

W. E. C.

April 22, 1924.

E. C. SKINNER, Esq.,
Vernon, B.C.

DEAR SKIN,—I think your old friend Les. McKay at Brandon will be open to do a little outside jobbing this year, so would suggest you get in touch with him.
Please destroy this letter as soon as you have read it.

Yours truly,

WC/B

April 30, 1924.

Mr. J. H. READER,
314 Thorold Road,
Ilford, Essex,
England.

DEAR SIR:—

The Associated put on a revival for about ten days getting in some stump speakers to try to increase their tonnage, but I am advised they have been quite unsuccessful. Right now negotiations are going on between the Independents and the Associated with a view to arriving at some unified selling plan with which to control markets. We are particularly anxious to see this go through as without some control it is impossible for jobbing houses to get anywhere. Staples has been going back and forth between the ranches at Lewiston and Creston but a co-op. has sprung up in Creston this year, started by some of the disgruntles whom Staples threw overboard and also those directors of the old Creston Union who were hooked by the old O.U.G. who are at the back of the new deal with a view, I presume, of placing at least a portion of their burden on other growers.

Yours truly,

WEC/MA.

(Telegrams)

EX CALGARY, ALTA., June 5, 1924.

J. A. SIMINGTON,

Care Mutual Brokers, Winnipeg, Man.

Staples told Hal Associated offered him two positions assistant to Dave or Prairie Representative but he wants Kootenay job think assistant to Dave be best for us thought you might wire Roy.

CARRUTHERS.

June 6, 1924.

W. E. CARRUTHERS,
c/o Acme Fruit Co.,
Calgary, Alta.

Wiring Staples as you suggest delicate matter. Suggest you or Hal wire him about as follows: We think he should get in Okanagan if he intends staying in shipping game—experience and acquaintance there would land him later into big business stop Gilland

owes this office eleven thousand. If Vancouver short they can hold that from Gilland and use for other financing also that in naming prices you should figure back from retail price and figure twenty per cent for jobber.

J. A. SIMINGTON.

CANADIAN PACIFIC RAILWAY COMPANY'S TELEGRAPH

36 C X CE 72 Blue
MUTUAL VANC. LTD.,
Vancouver, B.C.

CX CALGARY, ALTA., June 7, 1924.

Have Victoria ship Acme Mitchell each twenty-five tomatoes to-night at three fifty want these to knock over master mind whose getting too fresh on Medicine Hat stuff . .

MUTUAL BROKERS.

CALGARY, June 7, 1924.

Mr. R. B. STAPLES,
Creston, B.C.

DEAR SIR,—I have just finished talking to Stockton for the Scott Nationals and also Harding and the three boys in Lethbridge. They are raring to go with you and us and expect to hang the "Billie Goat" up by the whiskers. I put it up to them pretty strong that Wiggins had expressed the opinion that Lindley could sell more berries direct to the trade than all the jobbers' salesmen combined and they are going to disprove this, they say. I have explained that you will be looking after the Boswell stuff and all orders are to be sent into you. We can have these orders come into us and we forward them to you but we think the best way is to have them send their orders to you direct.

Cope, Moore and Stockton are all keen on seeing Lindley out of business and Cope also asked me particularly about your car lots of tree fruits, etc. Their plan in Lethbridge this year is to split everything right through the season and they wanted to feel assured that we could take care of them with your stuff and that Lethbridge would get the preference on all of it. We gave them this assurance and we imagine this ought to suit you pretty well.

I have made arrangements with all of them on the following basis; that all the berries they buy for their city trade that are shipped direct to themselves will be invoiced at a net price. For example; next week starting the 9th the price will be \$3.50 f.o.b. Creston on the berries going to Lethbridge and Medicine Hat wholesalers.

On drop shipments direct to their customers they will send their orders to you. You will ship them in the usual way and you charge them the agreed price less 35 cents right through the season. For example; next week the drop shipment price is \$4 f.o.b. Creston and you will charge them \$3.65. They rather demurred on the 35-cent profit but we pointed out the extra work for you, etc., and all have now agreed to it. We think this should suit you all right.

Be sure and send a copy of every invoice to us. We also suggest you have a rubber stamp made and stamp all the invoices going to the wholesalers "Payment to Be Made to The Mutual Brokers." Every Monday we will make up a statement for each wholesaler for the berries shipped the previous week and mail it to him and he is supposed to have a cheque back to us by Wednesday and we will pay you and Boswell immediately; or in other words, you should be paid by Thursday or Friday for all the berries shipped the previous week. We emphasized this prompt payment and the necessity of paying statements immediately when we were talking to the jobbers. They all agreed to it. We also asked them were it at all possible to have the merchant at country points get a notation on the express receipt on any berries which arrived in bad condition and have these all sent to you or Boswell. They were not sure whether they could accomplish this or not but they are going to try.

If there is anything not clear in this, kindly reply immediately and also advise us if the above method of handling meets with your approval.

Be sure to keep us well posted on how the berries are coming on so we in turn can wire Lethbridge and Medicine Hat jobbers. We plan to send out a duplicate wire to the three Lethbridge and two Medicine Hat jobbers regularly advising them of the movement and also of any changes in price, etc., so none of them can complain that we were giving our own houses advance information.

Yours truly,

THE MUTUAL BROKERS LTD.

By H. W. MORGAN.

June 9, 1924.

Mr. R. B. STAPLES,
c/o Creston Growers Ltd.,
Creston, B.C.

DEAR SIR,—Mr. Morgan, I understand, has wired you also written you in regard to our arrangements in the handling of your berries, and in view of your letter I discussed the matter with our boys here who are desirous of co-operating with you to the fullest.

Both boys realize your position in regard to competing with Lindley and while they are making 75 cents per case on berries taken from cars, they would be willing to work on 35 cents to 40 cents a crate, providing later on on some of your other commodities you could fix them up on something to sweeten up the difference. You should be able to count on a maximum of 50 cents to cover jobber and brokerage charges.

If this is satisfactory I suggest that you confirm it to the two houses and the broker.

Yours truly,

WEC/MA

(Sgd.) W. E. CARRUTHERS.

P.S.—Lindley advised Hall that he thought he would need him to take care of some of his surplus before the week end. This gives us an opportunity to pull down his average and fatten up yours.

W. E. CARRUTHERS,
510 9TH AVE. W.,

CALGARY, ALBERTA., June 9, 1924.

MUTUAL (VANCOUVER) LTD.,
Vancouver, B.C.
GENTLEMEN,—

This simply means that Medicine Hat is practically forced to market their entire output in Southern Alberta, and, while no one is suffering yet, if your supplies come up you got to play a little preference to the Calgary market should this account not hurt your returns to any extent and would put the returns of the Rosery on a very low basis.

Yours truly,

(Signed) W. E. CARRUTHERS.

June 23, 1924.

Mr. J. A. SIMINGTON,
Winnipeg, Man.

DEAR SIR,—Apparently we are the only ones in the hundred per cent class. Mr. Grant on his return from the Coast this morning told me confidentially that P. Burns and Company have agreed to take on Finch's pack for the prairies and guaranteed 10 cents per package over Associated prices. This sounds too good to be true and I suggested to Mr. Grant that he be there and write Finch to have a contract of this nature signed up.

Yours truly,

WEC/MA

APPENDIX 8

COPIES OF CONTRACTS FOR SALE OF GROWERS' PRODUCTS AND OTHER DOCUMENTS

Date	Description	Between
Mar. 10, 1923...	Agreement Mutual (Vancouver), Ltd., and Victoria Hothouse Association.	
Nov. 14, 1923...	Agreement Mutual (Vancouver), Ltd., and Victoria Hothouse Association.	
....	Constitution Victoria Hothouse Association.	
....	Form of Contract. Victoria Hothouse Association and its Members.	
Mar. 24, 1924...	Agreement Mutual (Vancouver), Ltd., and Gordon Head Fruit Growers' Association, Ltd., and Saanich Fruit Growers' Association, Ltd.	
June 28, 1924...	Agreement Mutual (Vancouver), Ltd., and Central Fruit Distributors, Ltd.	
May 4, 1923....	Agreement Berry Growers' Co-operative Union of B.C., and Growers' Sales Agency, Ltd.	
Apr. 11, 1924 ...	Agreement Mutual (Vancouver), Ltd., and Berry Growers' Co-operative Union of B.C.	
May 5, 1923....	Agreement Associated Growers of B.C., Mutual Brokers, Ltd., and Growers' Sales Agency, Ltd.	
May 31, 1924...	Agreement Associated Growers of B.C., Mutual Brokers of Calgary, Regina, Winnipeg and Saskatoon.	
May 31, 1924...	Agreement Associated Growers of B.C., The Royal Fruit Co., Brown Fruit Co., Camrose Grocery Co., Mutual Brokers of Edmonton and Alexander Grocery Co.	
May 31, 1924...	Agreement Associated Fruit Growers of B.C., and Mutual Brokers of Montreal.	

MEMORANDUM OF AGREEMENT

Made in duplicate this 10th day of March, 1923

BETWEEN THE MUTUAL (VANCOUVER) LIMITED, a duly incorporated company, having its Registered Office at 153 Water street, in the city of Vancouver, in the Province of British Columbia (hereinafter called the "broker").

Of the First Part

AND VICTORIA HOTHOUSE ASSOCIATION a duly organized Association of Growers of Hothouse Products, with its Secretary's Office at 2583 Heron street, Oak Bay, in the city of Victoria, in the Province of British Columbia (hereinafter called the "Association").

Of the Second Part

The association appoints the Mutual (Vancouver) Limited its sole and only Agent and Broker for the sale of its crop of tomatoes, cucumbers, rhubarb, lettuce and such like products, excepting therefrom such portions as may be required by the Members of the Association, for sale at his greenhouse or store, and culls, which altogether shall not exceed twenty-five per cent (25%) of the crop.

The broker agrees to sell the tomatoes, cucumbers, rhubarb, lettuce and such like products at prices f.o.b. his warehouse, 1304 Wharf street, Victoria, B.C. Such prices to be agreed upon between a committee appointed by the association and the broker.

The association shall pay to the broker five per cent of the f.o.b. price on all sales of tomatoes, cucumbers, rhubarb, lettuce and such like products.

The broker agrees to give the widest possible distribution and to give all legitimate wholesalers a fair share of the tomatoes, cucumbers, rhubarb, lettuce and such like products at all times, provided, of course, that said wholesalers will support and push sales of these tomatoes, cucumbers, rhubarb, lettuce and such like products under all conditions.

This agreement shall be binding upon the parties hereto for a period of twelve months from date above written, and same may be terminated for unsatisfactory performance of the terms of the agreement, by giving thirty days' notice in writing, such notice to be authorized by a vote of all the Members of the Association.

In Witness Whereof the parties hereto have hereunto affixed their hand of the proper officer in that regard, the day and year first above written.

THE MUTUAL (VANCOUVER)
LIMITED
(Sgd.) G. H. SNOW,
Manager.
As witness to above signature,
(Sgd.) K. A. GIBSON.

VICTORIA HOTHOUSE ASSOCIATION
(Sgd.) WALTER RIDDLE,
S. E. BELL,
ROBERT PETERS,
F. WOOD,
N. B. POLLOCK,
N. H. BROWN.
Executive Committee.
As witness to above signatures of
Victoria Hothouse Association
(Executive Committee).
(Sgd.) J. W. DILWORTH.

MEMORANDUM OF AGREEMENT

Made in duplicate this 14th day of November, 1923

BETWEEN THE MUTUAL (VANCOUVER) LIMITED, a duly incorporated company, having its Registered Office at 153 Water street, in the city of Vancouver, in the Province of British Columbia (hereinafter called the "broker").

Of the First Part

AND THE VICTORIA HOTHOUSE ASSOCIATION, a duly organized association of growers of Hothouse Products, having its secretary's office at, 2583 Heron street, Oak Bay, in the city of Victoria in the Province of British Columbia (hereinafter called the "Association").

Of the Second Part

The association appoints The Mutual (Vancouver) Limited its sole and only Agent and Broker for the sale of its crop of tomatoes, cucumbers, rhubarb, lettuce and such like products.

The broker agrees to sell the tomatoes, cucumbers, rhubarb, lettuce and such like products at prices f.o.b. his warehouse, Victoria, B.C., according to grades, on local and Vancouver City sales, and further agrees to distribute the above-mentioned products in carlots and l.c.l. shipments, obtaining for same the highest possible prices at all times, according to grades, such f.o.b. prices and distribution to be agreed upon between a committee appointed by the association and the broker.

The association shall pay to the broker five per cent (5%) of the f.o.b. and distribution price on all sales of tomatoes, cucumbers, rhubarb, lettuce and such like products.

The broker agrees to give the widest possible distribution and to give all legitimate wholesalers a fair share of the tomatoes, cucumbers, rhubarb, lettuce and such like products at all times, provided of course, that said wholesalers will support and push the sales of these tomatoes, cucumbers, rhubarb, lettuce and such like products under all conditions.

This agreement shall be binding upon the parties hereto for a period of twelve months from December thirty-first, 1923, to December thirty-first, 1924.

In witness whereof the parties hereto have hereinto affixed their hand by the proper officers in that regard the day and year first above written.

The Mutual (Vancouver) Limited, The Victoria Hothouse Association.

G. H. SNOW,
Manager.

G. W. Riddle, Pres.
Robert Peters, Sec.
Walter Riddle, Tres.
N. B. Pollock,
W. H. Brown.
Executive Committee.

WITNESS:

K. A. Gibson,
153 Water St.,
Vancouver, B.C.

Witness to above signatures.

J. W. Delworth.

CONSTITUTION OF THE VICTORIA HOTHOUSE ASSOCIATION

- (1) That this association be known as the Victoria Hothouse Association.
- (2) That meetings be held as occasion warrants, at a place appointed, and the annual meeting be held each first week in November.
- (3) The membership of this association to consist of, any individual or company, who owns or operates a plant for forcing, or the production of out-of-season produce such as

tomatoes, lettuce, cucumbers, rhubarb, etc., whose application has been passed and approved by the Membership Committee.

(4) That a fee be charged on entrance, and further funds be levied as required.

(5) That a form of contract be prepared to fit the requirements of the case.

(6) That any member being found guilty of an infraction of the rules and regulations or who fails to live up to any agreement made by the association, shall be liable up to a fine not to exceed fifty dollars (\$50), and for expulsion, or suspension. Any such infraction shall be tried by a committee appointed by the association.

(7) That it shall be the privilege of the president to call special meetings.

(8) That a committee consisting of three members in good standing be elected at each annual meeting, who together with the president and the secretary shall form the executive of the association, the president to be chairman of such executive.

(9) That the executive only shall have the power to enter into any contract or agreement with any broker or selling agency, providing always, that the same has been passed and approved by a General Meeting.

(10) That the officers of the association shall consist of a president, a vice-president, a secretary and a treasurer, all of whom shall be elected at the annual meeting in each year.

SPECIMEN COPY OF CONTRACT FORM SIGNED BY MEMBERS OF VICTORIA HOTHOUSE ASSOCIATION

MEMORANDUM OF CONTRACT OF THE VICTORIA HOTHOUSE ASSOCIATION

made in duplicate this..... day of1923.

I, hereby do agree, that I will ship all of the vegetable produce, namely, tomatoes, cucumbers, lettuce, rhubarb and such like, to the broker chosen by vote of the members of the above association.

This agreement shall be binding upon me, my heirs, executors, administrators and assigns, from the first day of January, 1924, to the first day of January, 1925.

In witness whereof, I hereunto affix my hand the day and year first above written.

Signed

.....Witness

Approved.....

President,

Victoria Hothouse Association.

MEMORANDUM OF AGREEMENT

Made in duplicate this 24th day of March, A.D. 1924,

BETWEEN THE MUTUAL (VANCOUVER), LIMITED, a duly incorporated company, having its registered office at 153 Water street, in the city of Vancouver, in the province of British Columbia (hereinafter called the "Broker"),

of the First Part,

AND GORDON HEAD FRUIT GROWERS' ASSOCIATION, LIMITED, and SAANICH FRUIT GROWERS' ASSOCIATION, LIMITED, both duly incorporated companies, having offices at the city of Victoria, in the said province of British Columbia (hereinafter called the "Shipper"),

of the Second Part.

The shipper appoints the Mutual (Vancouver), Limited, its sole and only agent and broker for the sale of its crop of berries and cherries, excepting therefrom such portion of same as shall be sold for canning purposes, or used in the manufacture of jam.

The broker shall advance to the shipper the sum of one dollar and fifty cents (\$1.50) per crate on all berries loaded in car lots for shipment outside the province of British Columbia. It is understood between the Parties hereto that this advance is not to be construed to mean a guarantee, and it will only be continued as long as the returns on the carlots, or less than carlot shipments, are equal to or greater than the said advance.

The shipper shall pay to the broker five per cent (per cent) of the net returns to the Shipper on all berries shipped outside the province of British Columbia.

The broker hereby agrees to render to the shipper within fourteen (14) days from the date of shipment of each car a full and complete detailed return giving information as to the condition and the selling price of the berries contained in each car, and the broker further agrees that all such returns shall be made payable in Victoria, B.C., funds. The broker shall also advise by wire at regular intervals the arrival condition of berries and selling price at such time.

The broker agrees to give the widest possible distribution and to give all legitimate wholesalers a fair share of the berries at all times, provided, of course, that said wholesalers will support and push the sale of these berries under all conditions.

The broker agrees not to handle any foreign berries during the British Columbia berry-shipping season, provided always that sufficient supplies are available from British Columbia.

In witness whereof the Party of the First Part hereto has hereunto affixed its Corporate Seal by the hand of the proper officer in that regard, and the Party of the Second Part has hereunto set his hand the day and year first above written.

(Seal)
Signed, sealed and delivered, in the
presence of

(Sgd.) H. BUCKLE.

(Seal)

THE MUTUAL (VANCOUVER), LIM-
ITED. By (Sgd.) G. H. SNOW, *Secretary*.

SAANICH FRUIT GROWERS' ASSO-
CIATION, LIMITED, C. B. MCCARTHY,
President. By (Sgd.) H. E. TANNER,
Secretary.

GORDON HEAD FRUIT GROWERS'
ASSOCIATION. (Sgd.) W. F. SOMERS,
President. By R. S. TWINING, *Sec.-Treas.*

MEMORANDUM OF AGREEMENT

Made in duplicate this twenty-eighth day of June, 1923.

BETWEEN THE MUTUAL (VANCOUVER) LIMITED, a duly Incorporated Company, having its registered office at 153 Water street, in the city of Vancouver, in the province of British Columbia (hereinafter called the "Broker").

of the First Part.

AND THE CENTRAL FRUIT DISTRIBUTERS, LIMITED, a duly Incorporated Company having its registered office at Mission city, in the said province of British Columbia (hereinafter called the "Shipper").

of the Second Part.

The shipper appoints the Mutual (Vancouver) Limited its sole and only agent and broker for the sale of its crop of berries and cherries, excepting therefrom such portion of same as shall be sold for canning purposes or used in the manufacture of jam, and also excepting some 2,000 crates of raspberries, 500 crates of loganberries, and 500 crates of blackberries sold previous to the negotiating of this contract.

The broker shall advance to the shipper the sum of one dollar and fifty cents (\$1.50) per crate on all berries and cherries loaded in car-lots for shipment outside the province of British Columbia, and the sum of one dollar (\$1) per crate on all berries and cherries, handled within the Province of British Columbia. It is understood between the Parties hereto that this advance is not to be construed to mean a guarantee, and it will only be continued as long as the returns on the car-lots or less than car-lot shipments are equal to or greater than the said advance.

The shipper shall pay to the broker five per cent (5%) of the net returns on all berries and cherries shipped outside the Province of British Columbia.

The shipper hereby appoints The Mutual (Vancouver) Limited its sole and only Agent and Broker for the sale of its crop of berries and cherries in the province of British Columbia, and shall pay to the Broker the sum of ten cents (10c.) per crate on all berries and cherries so sold in the said province of British Columbia.

The broker hereby agrees to inform the shipper at the time each shipment is made, the approximate price at which such shipment will be sold upon arrival at destination, and in the event of there being any shrinkage guarantees to inform the shipper the approximate amount of such shrinkage within twenty-four hours of the arrival of shipment at destination.

A full and complete return of each shipment, together with a remittance covering same shall be made by the broker to shipper within fourteen days after date of shipment, and the broker further agrees that all such returns shall be made payable in Vancouver, B.C., funds.

The broker agrees to give the widest possible distribution and to give all legitimate wholesalers a fair share of the berries and cherries at all times, provided of course, that said wholesalers will support and push the sale of these berries and cherries under all conditions.

The broker agrees not to handle any foreign berries or cherries during the British Columbia berry shipping season provided always that sufficient supplies are available from British Columbia.

In witness whereof the parties hereto have hereunto affixed their Corporate Seals by the hand of the proper officer in that respect, the day and year first above written.

Signed, Sealed and Delivered in the presence of (Seal)	}	THE MUTUAL (VANCOUVER) LTD., (Sgd.) G. H. SNOW, <i>Director</i> CENTRAL FRUIT DISTRIBUTORS LIMITED, (Sgd.) U. I. FISHER, <i>Pres.</i> GEO. H. MOODY, <i>Sec.-Treas.</i>
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THIS AGREEMENT, made this 4th day of May, 1923,

BETWEEN BERRY GROWERS' CO-OPERATIVE UNION of British Columbia, an association duly incorporated under the Co-operative Associations Act of British Columbia, and having its registered Head Office at 1004 Standard Bank Building, 510 Hastings street West, in the City of Vancouver, in the province of British Columbia (hereinafter called "The Union")

of the First Part.

AND GROWERS SALES AGENCY, LIMITED, a body corporate, duly incorporated under the laws of the Dominion of Canada and having its registered Head Office at the City of Calgary, in the province of Alberta (hereinafter called "The Agent")

of the Second Part.

Whereas The Union will during the 1923 berry season control certain rhubarb, strawberries, raspberries, loganberries, blackberries, currants, gooseberries, cherries, and other fruits grown in the Province of British Columbia.

And whereas The Agent is a brokerage organization with facilities for marketing such berries and fruits throughout Canada.

And whereas The Union and the Agent desire to enter into an agreement each with the other, for the marketing by the Agent of the said berries and fruits, for the Union, upon the terms and conditions hereinafter set forth.

Now therefore this agreement witnesseth that in consideration of the mutual covenants hereinafter appearing, the parties hereto covenant and agree each with the other as follows:—

1. The Union hereby constitutes the Agent its agent for the sale of berries and fruits out of the 1923 crop controlled by the Union.

2. The Union hereby agrees to supply the Agent with all the berries it may require during the 1923 season, provided however, that the requirements of the Agent shall not equal or exceed the berries available for shipment to the prairies.

3. The said berries and fruits shall be sold by the agent for the account of the Union in the city of Vancouver, British Columbia, and throughout the Dominion of Canada, east of the Rocky Mountains.

4. The agent shall have the right to sell any cars of such fruits or berries, f.o.b. shipping point, provided the Union consents and agrees to the price and terms thereof, and upon such sales the Union shall pay to the agent the sum of fifty dollars (\$50) for each carload of such fruit or berries so sold in full payment of commission or brokerage, provided such cars have been designated by the agent as sold f.o.b. point of shipment; in all other cases the regular brokerage hereinafter stated shall apply.

5. On all berries loaded by the Union for shipment and destined to that part of Canada, east of the Rocky Mountains, the agent shall advance to the Union a sum representing 66½ per cent of the net value of each shipment of berries, but not exceeding, in any case, the sum of \$1.50 per crate, which net value shall be the average ruling price on the day previous to shipment in the prairie markets, less transportation charges, icing and marketing charges, and the representatives of the Union shall report such average prices daily to the agent, at its office in Vancouver. Such payments shall be made forthwith on presentation of proper bills of lading or express receipts, at the office of the agent, in the city of Vancouver, British Columbia; PROVIDED HOWEVER, that in the event of any berries so shipped selling at a net return of less than the said advance, then and in such event the Union shall repay to the agent the excess of such advance over the net return; or the agent shall, at its option, be empowered to deduct such excess from any funds of the Union then or subsequently in its hands; PROVIDED FURTHER that the agent shall at all times use its best endeavours in order that the net price of such berries shall not be less than the said advance per crate; And PROVIDED FURTHER that should any shipment for any reason not be delivered to its billed destination, the said advance shall forthwith be returned to the agent or shall be deducted as above provided.

6. "Net Returns" for the purpose of this agreement shall be deemed to be and mean the amount of the selling price for such fruit, berries, etc., less only the actual cost of icing and transportation.

7. The moneys advanced by the agent to the Union shall not be deemed to be part of the purchase price of such berries, but an advance of moneys to assist the Union in financing its operations, and in every case where the agent is unable to sell the products of the Union at a sufficient price to re-imburse itself as set forth in paragraph 5 hereof, any deficiency in such amounts shall be immediately returned by the Union to the agent.

8. The Union shall deliver to the agent at the warehouse of the agent in the city of Vancouver aforesaid, such fruits and berries as the Union may ship for sale in the said city of Vancouver. All other shipments of fruit and berries shall be loaded on cars by and at the expense of the Union. The Union shall ship only such fruits and berries as will keep in good condition until delivery with reasonable promptness at destination.

9. On all rhubarb sold by the agent in the said city of Vancouver, and on all l.c.l. shipments of rhubarb the Union shall pay to the agent a commission or brokerage of seven and one-half cents (7½c.) per box or crate so sold. On all rhubarb sold by the agent in carload lots outside the city of Vancouver, the Union shall pay to the agent a commission or brokerage of twenty-five dollars (\$25) per car.

10. On all sales of fruit and berries sold and delivered in the city of Vancouver, the Union shall pay to the agent the sum of ten cents per crate. On all sales of fruit and berries hereunder, upon which commission or brokerage has not been otherwise in this agreement fixed, the Union shall pay to the agent five per cent (5%) of the net returns on the selling price of such fruit or berries in full for its services; PROVIDED FURTHER, that the Union shall be entitled to retain for its own use out of the said five per cent (5%) such amount not exceeding twenty per cent (20%) of such commission or brokerage as will cover the expense of advertising and of its special representative or representatives appointed as hereinafter set forth.

11. The Union at its own expense, may appoint a special representative or representatives, not exceeding in number one each for the provinces of Alberta, Saskatchewan, and Manitoba, whose duties among others shall be to assist in the supervising and distributing of the fruits and berries to be sold by the agent for the Union. The sale, including sale price and distribution, shall be subject to the approval of such representative or representatives. In case of dispute or differences as to the price at which such fruits or berries are to be sold, the decision of the Union or of its representative or representatives shall prevail.

12. No claims, allowances or rebates of any nature whatsoever covering the quality or condition of any shipment, will be recognized unless immediate notice is given by the agent to the Union or to the special representatives of the Union or one of them, who, or each or anyone of whom shall have power to settle and adjust same on a fair basis.

13. The agent shall act as the agent of the Union, and shall collect all moneys for all fruits and berries sold under this agreement, and the agent hereby guarantees that in the event of any loss or losses being incurred to the Union by reason of non-payment by any person or persons of the selling price of any such fruit or berries, the agent shall pay to the Union the amount of such loss, saving and excepting any loss which may be incurred in connection with cars of product sold f.o.b. shipping point, and product sold to the Vancouver trade, and amounts involved in unadjusted claims.

14. All brokerage profits earned or to be earned by the agent shall remain in the treasury and shall not be divided or distributed until after the closing of the berry season, excepting such brokerage profits due or to accrue due to former shippers who were members of the Growers' Sales Agency prior to the date of this agreement.

15. Prior to the opening of the berry season covering the crop controlled by the Union for the year 1923, the agent shall so far as possible discourage the purchase of berries by the ultimate consumer except for table purposes and shall not by advertising or otherwise endeavour to sell berries prior to the said date for any other purpose than as in this paragraph set forth.

16. During the berry season of 1923, the agent, in so far as it is possible, shall not purchase or handle for sale or on consignment or otherwise in any manner whatsoever, any berries or fruits similar to those controlled by the Union, so long as the Union is willing and able to supply the agent with a sufficient quantity of such fruits and berries as may meet the proper requirements of the agent and in the event of the Union not being able to supply such sufficient quantity of fruit and berries, then and in such event the agent shall be entitled to obtain from other sources only such amount of fruits and berries as shall together with the amount supplied by the Union be sufficient to meet the proper requirements of the agent; it being the whole purpose and intention of this agreement that so long as the Union supplies a sufficient quantity of fruits and berries to meet the proper requirements of the agent, the agent shall handle and sell only such fruits and berries, and in the event of a deficiency that the fruits and berries of the Union shall be sold first before any other fruits and berries are sold. The agent shall in every way discourage shippers of berries to them from others than the members of the Union from shipping any such berries and shall notify all of such shippers in writing forthwith that during the berry season of 1923 they will not be in a position to handle any other berries than those of the Union.

17. The agent shall within ten working days from the day upon which any shipment of fruit or berries shall arrive at its destination, pay by cheque to the Union the proceeds

of such shipment, less the amount of the said advance if any, which payment shall be accompanied by a proper statement showing how the amount of such payment is made up, the agent assuming exchange on cheques if any.

18. The agents shall keep proper books of account of the details of all transactions or things done under the provisions of this agreement, and the Union or its duly authorized agent or agents, from time to time and at all reasonable times, may inspect such books of account, and make copies thereof if so desired, and the agent shall upon reasonable request on the part of the Union or its duly authorized agent or agents, from time to time and at all reasonable times, produce to the Union or its duly authorized agent or agents, any and all books, papers and memoranda, or copies thereof, pertaining to the transaction incurred or entered into under this agreement.

19. The agent covenants and agrees that in the event of any loss being sustained in respect of which a claim arises against a carrier or other person, to prosecute for the benefit of the Union, or its written instructions and at its expense, such claims, and after applying any such moneys received from such claims in payment to itself of all reasonable costs incurred in making collection of the claim, to pay the difference over to the Union.

20. Time shall be deemed to be of the essence of this agreement.

21. This agreement shall be deemed to be made and executed in the Province of British Columbia, and the Agent and Guarantors hereby attorn to the jurisdiction of the courts of the province of British Columbia.

22. In the event of any dispute between the parties hereto arising out of the provisions of this agreement, such dispute shall be referred to arbitration at the said city of Vancouver, under the provisions of the Arbitration Act of the province of British Columbia.

23. The provisions of this agreement shall not apply to any delays or losses, when same shall be caused by labour disputes, washouts, Acts of God or other causes beyond the control of the parties hereto.

24. Notwithstanding anything herein contained that may be construed to the contrary the Agent shall not be held liable or responsible by the Union for fruit that may deteriorate while in its, the Agent's hands, unless such loss may be caused through the negligence of the Agent or its servants. The Agent undertaking only to dispose of the same to the best advantage for the account of the Union in terms of this contract.

25. This agreement, and everything herein contained, shall enure to the benefit of and be binding upon the parties hereto, their successors and assigns, respectively.

In witness whereof the parties hereto have caused these presents to be sealed with their respective corporate seals, and countersigned by their respective officers authorized in that behalf, the day and year first above written.

(Seal)

BERRY GROWERS CO-OPERATIVE
UNION OF BRITISH COLUMBIA.

(Sgd.) H. P. SIMPSON,
Vice-Pres.

(Sgd.) R. GORDON FORBES,
Secretary.

GROWERS' SALES AGENCY LTD.,
(Sgd.) JOHN TANNER,
President.

Signed, Sealed and Delivered
in the presence of
(Sgd.) JOHN E. LACEY,
Salmon Arm, B.C.
Notary as to both parties.

MEMORANDUM OF AGREEMENT

Made this eleventh day of April, A.D. 1924.

BETWEEN: THE MUTUAL (VANCOUVER) LIMITED, a duly incorporated company, having its registered office at 165 Water street, in the city of Vancouver, in the province of British Columbia (hereinafter called the "Broker").

Of the First Part

AND: BERRY GROWERS' CO-OPERATIVE UNION OF BRITISH COLUMBIA, a duly incorporated company, having its registered office in the city of Vancouver, in the said province of British Columbia (hereinafter called the "Shipper").

Of the Second Part

The shipper appoints The Mutal (Vancouver) Limited its sole and only agent and broker for the sale of its crop of berries, cherries, rhubarb and other fruits, excepting therefrom such portion of same as shall be sold for canning purposes, or used in the manufacture of jam.

The broker shall advance to the shipper the sum of one dollar and fifty cents (\$1.50) per crate on all berries loaded in carlots for shipment outside the province of British Columbia. It is understood between the parties hereto that this advance is not to be construed to

mean a guarantee, and it will only be continued as long as the returns on the carlots, or less than carlot shipments, are equal to or greater than the said advance.

The broker shall advance to the shipper the sum of one dollar (\$1) per crate on all berries shipped L. C. L. outside the province of British Columbia. It is understood between the parties hereto that this advance is not to be construed to mean a guarantee, and it will only be continued as long as the returns on the L. C. L. shipments are equal to or greater than the said advance.

The shipper shall pay to the broker five per cent (5%) of the nett returns to the shipper on all berries shipped outside the Province of British Columbia.

The broker hereby agrees to render to the shipper within fourteen (14) days from the date of shipment of each car a full and complete detailed return giving information as to the condition and the selling price of the berries contained in each car, and the broker further agrees that all such returns shall be made payable in Vancouver, B.C. funds. The broker shall advise by wire at regular intervals the arrival condition of berries and selling price at such time.

The broker agrees to give the widest possible distribution, and to give all legitimate wholesalers a fair share of the berries at all times, provided, of course, that said wholesalers will support and push the sale of these berries under all conditions.

The broker agrees not to handle any foreign berries during the British Columbia Berry shipping season, provided always that sufficient supplies are available from British Columbia.

In witness whereof the parties hereto have hereunto affixed its Corporate Seals by the hands of the proper officer in that regard the day and year first above written.

Signed, Sealed and Delivered
In the Presence of:
As to signature of

G. H. SNOW,
K. A. GIBSON,
W. S. MACLEOD.

(Seal)

(Seal)

THE MUTUAL (VANCOUVER) LIMITED
By G. H. SNOW, Sec.

BERRY GROWERS' CO-OPERATIVE
UNION OF BRITISH COLUMBIA.
H. P. SIMPSON, Director,
K. BORDAN FORBES, Sec.-Treas.

MEMORANDUM OF AGREEMENT

Made in duplicate this day of 1923.

BETWEEN: THE MUTUAL (VANCOUVER) LIMITED, a duly incorporated company, having its registered office at 153 Water street in the city of Vancouver, in the province of British Columbia (hereinafter called the "Broker").

Of the First Part

AND: GORDON HEAD FRUIT GROWERS ASSOCIATION LIMITED and SAANICH FRUIT GROWERS ASSOCIATION LIMITED both duly incorporated companies having offices at the city of Victoria, in the said province of British Columbia (hereinafter called the "Shipper").

Of the Second Part

The shipper appoints The Mutual (Vancouver) Limited, its sole and only agent and broker for the sale of its crop of berries and cherries, excepting in the city of Victoria, B.C., also excepting therefrom such portion of same as shall be sold for canning purposes or used in the manufacture of jam.

The broker shall advance to the shipper the sum of one dollar and fifty cents (\$1.50) per crate on all pre-cooled berries and cherries loaded in car-lots for shipment outside the province of British Columbia. It is understood between the parties hereto that this advance is not to be construed to mean a guarantee and it will only be continued as long as the returns on the car-lots are equal to or greater than the said advance.

The shipper shall pay the broker five per cent (5%) of the net returns on all berries and cherries shipped outside the province of British Columbia.

The shipper hereby appoints the Mutual (Vancouver) Limited its sole and only agent and broker for the sale of its berries and cherries in the province of British Columbia, excepting in the city of Victoria, and shall pay to the broker the sum of ten cents (10c.) per crate on all berries and cherries so sold in the said province.

The broker hereby agrees to render to the shipper within fourteen (14) days of the date of shipment of each car, through its Branch Office at Victoria, B.C., a full and complete return giving information as to the condition and the selling price of the berries and cherries contained in each car, and the broker further agrees that all such returns shall be made payable in Victoria, B.C. funds.

It is hereby agreed that all payments due the shipper from the broker, and all correspondence between the broker and the shipper shall be addressed to the Saanich Fruit Growers Association.

The broker agrees to advance the freight to Vancouver on all cars of berries and cherries shipped to Vancouver for furtherance.

The broker agrees to give the widest possible distribution and to give all legitimate wholesalers a fair share of the berries and cherries at all times, provided of course, that said wholesalers will support and push the sale of these berries and cherries under all conditions.

The broker agrees not to handle any foreign berries and cherries during the British Columbia berry shipping season, provided always that sufficient supplies are available from British Columbia.

In witness whereof the parties hereto have hereunto affixed their Corporate Seals by the hand of the proper officer in that regard, the day and year first above written

Signed, Sealed and Delivered

In the presence of

GEORGE STEWART.

THE MUTUAL (VANCOUVER) LTD.

G. H. SNOW, *Director*,

J. G. COREY WOOD, *Pres.*,

H. E. TANNER, *Sec.*

(Seal)

GORDON HEAD FRUIT GROWERS
ASSOCIATION

W. F. SOMERS,

(Seal) H. A. McNAUGHTON,

Sec.-Treas.

BROKERAGE AGREEMENT

THIS AGREEMENT is hereby entered into by and between ASSOCIATED GROWERS OF BRITISH COLUMBIA, LIMITED, to be referred to as the "Associated"; and THE MUTUAL BROKERS LIMITED, with head office at: ; and THE GROWERS' SALES AGENCY, with head office at Calgary, Alta.

Both organizations being used solely in the capacity of agents on an equal consideration and similar terms and basis in every respect; with the associated recognized as the principal in all transactions.

It being understood in the following phraseology that the word "Brokers" shall apply to, and exclusively to, the aforesaid Mutual Brokers Limited and the Growers' Sales Agency, the word "Brokers" including both organizations in its definition as used in this agreement.

Rates.—It is agreed by the Associated and the brokers that upon final consummation of sale or distribution of any car that the following rates of brokerage shall be paid, upon receiving the statement at the end of the month; such payment to be remitted not later than the fifteenth of the month following. Rates being as follows:—

Apples.. . . .	\$25 00	per car
Mixed fruit.. . . .	25 00	" "
Mixed fruit and vegetables.. . . .	25 00	" "
Straight cars vegetables.. . . .	18 00	" "
Cherries.. . . .	10c	" package
Mixed celery and cherries.. . . .	10c	" "
L.C.L. shipments.. . . .	10c	" "

It being understood that the Mutual Brokers Limited and the Growers' Sales Agency shall be paid separately in accordance with the brokerage earned by sales or distribution consummated in accordance with each individual service.

It being further understood and agreed that the Associated shall be fully recognized as the principal and the two brokerage firms as the agents, subject to the directions of the principal, in each and all transactions.

Loyalty Agreement.—The Associated hereby agrees to give first preference in all its sales, in the Prairie Provinces, to the brokerage firms hereby known as brokers and to only effect sales direct with the wholesale trade when in the opinion of the Associated it becomes necessary; such direct handling to be confirmed to those jobbers not included in the Nash organization or those financially interested in the Growers' Sales Agency and not to carry brokerage.

In consideration of the foregoing, the brokers agree to handle in the usual course of their business, no fruits or produce shipped from the territory covered in the agreement of the Associated with members, and further agrees to use what influence the brokers may have to carry out the same purpose on the part of the Nash jobbers and those jobbers interested financially in the Growers' Sales Agency.

It being understood that both the Associated and the brokers will in other ways show the spirit of preference rather than attempting to do business direct.

Rollers.—All cars shipped without f.o.b. orders shall be billed to the Associated and diverted to either brokerage organizations as seems best to the Associated; in confirmation of sale the first wire received to have the right to confirmation. All cars reaching final

destination unsold and which may have to be placed on consignment shall be handled at fifty per cent of the brokerage rates mentioned with the understanding that the jobber shall be paid fifteen per cent of amount realized.

In making offers and in consummating sales it is understood that the brokers shall indicate the name of the customer from which the offer comes or to whom the sale is made and that written confirmation of sale shall be immediately made to both the buyer and the Associated and that in consignments a detailed account will be required showing the purchaser the number of packages, variety and amount received from each purchaser to whom the car was finally distributed on consignment.

It is further agreed that if the car is placed on consignment with two or more parties that the brokers shall receive full brokerage instead of fifty per cent brokerage for superintending its distribution.

It is further understood that part of the services to be performed by the brokers is that of adjusting under instructions of the Associated Growers any legitimate claims upon proper endorsement, the full right of the shipper to be recognized and the right of final confirmation to rest with the shippers.

Eastern Canadian Business.—Brokerage arrangements east of Manitoba shall be subject to later decision on the part of the Associated.

Canadian Preference.—It is hereby understood and agreed on the part of the brokers that every effort shall be made to give strong preference to those products produced in Canada as against competitive business offered from the United States.

Terms of Contract.—This contract is to continue in force for one year from date.

In witness of which the parties thereto do hereby sign this agreement.

CO-OPERATIVE GROWERS OF BRITISH COLUMBIA, LTD.

A. T. HOWE, *President.*

K. W. KINNARD, *Secretary-Treasurer.*

GROWERS' SALES AGENCY, LIMITED,

Per JOHN BURNS, *President.*

MUTUAL BROKERAGE LIMITED,

Per J. A. SIMINGTON.

Dated Vernon, B.C., May 5, 1923.

AGREEMENT

CALGARY, ALTA., May 31, 1924.

Agreement entered into between the Associated Growers of B.C. hereinafter called the Associated and the Mutual Brokers of Calgary, Regina, Winnipeg, and Saskatoon hereinafter called the Mutual.

Witnesseth—

This agreement covers the period May 1, 1924, to May 1, 1925.

The Mutual agrees and undertakes that no wholesaler known as a Nash jobber will handle or sell tree fruits or root vegetables (hot-house tomatoes excepted) except goods shipped and sold by the Associated without the permission of the Associated.

The Associated appoint the Mutual as their exclusive brokers in Manitoba, Saskatchewan and Alberta.

The Associated agrees to give preferred service in sales and offerings including rollers to the Mutual and Nash jobbers and other 100 per cent supporters.

The Associated reserves the right to sell through their own representatives.

The Associated agree to pay the Mutual on all sales made through them as follows:—

1. On carloads of apples, fresh fruits, celery, tomatoes—\$30 per car.
2. On mixed cars of the above commodities—\$30 per car.
3. On mixed cars of the above commodities and root vegetables—\$25 per car.
4. On root vegetables and onions—\$20 per car.
5. On cherries and L.C.L. fruits and vegetables—10 cents per case.
6. On sales made by representatives of the Associated to the following wholesalers the Mutual shall not be paid brokerage.
7. Plunkett & Savage, Calgary, Lethbridge and Edmonton.
P. Burns and Coy., Calgary and branches.
Scott Fruit Co., Calgary and branches.
Scott National, Medicine Hat.
Macdonald-Crawford, Moose Jaw and branches.
Vipond Fruit, Winnipeg.
Cran Mowat and Drever, Winnipeg.
Victoria Fruit Co., Edmonton.

8. On sales made by representatives of the Associated to jobbers other than those listed above the Mutual is to be paid one half the before-mentioned schedule of brokerage.

9. It is understood the Associated may pay any of the above mentioned jobbers one half of the above-mentioned brokerage rates in lieu of their giving the Associated all their business in fruits and vegetables for the term of this agreement.

10. Mutual is to be allowed brokerage on all track sales made either by the representatives of the Associated or the Mutual except on sales made by the Associated representatives to jobbers guaranteeing the Associated all their fruit and vegetable business for the term of the agreement.

11. This agreement is made on the understanding that the Associated guarantee that they have control of 70 per cent of the tree fruit tonnage of British Columbia.

12. The Associated agree to ascertain and furnish the Mutual within one week from the date of this agreement a list of those wholesalers mentioned in paragraph 7 of this agreement who pledge themselves to give the Associated their business exclusively in British Columbia fruits and vegetables for the term of this agreement.

13. It is agreed the Mutual is to have the privilege of handling fruit not to exceed 25 cars from E. C. Skinner.

14. Brokerage statements to be rendered and paid on or before the 15th of the month covering the previous month's business.

15. Fort William, Port Arthur and Kenora, Ontario, shall also be considered a part of Manitoba territory, but not exclusive.

16. The Mutual agree that the Nash jobbers will pay for all carload purchases by sight draft and the Associated agree to make prompt adjustments.

17. Should the wholesalers mentioned in paragraph 7 individually and collectively pledge themselves on or before June 7, 1924, to purchase all their requirements of British Columbia fruit and vegetables from the Associated during the term of this agreement it is understood that the Growers' Sales Agency may also act as Brokers in Manitoba, Saskatchewan and Alberta and be paid on sales made by them to wholesalers mentioned in paragraph 7, rates equal to those being paid the Mutual.

18. This agreement is one of three similar agreements being entered into between the Associated and Mutual and it is agreed that failure on the part of either the Associated or Mutual to fulfil the covenants of said agreement would constitute a violation of this agreement.

(Signed) ASSOCIATED FRUIT GROWERS OF B.C.,

E. J. CHAMBERS, *President.*

B. STEUART, *General Manager.*

MUTUAL BROKERS OF CALGARY,

J. A. SIMINGTON, *President.*

MUTUAL BROKERS OF REGINA,

J. A. SIMINGTON, *President.*

MUTUAL BROKERS OF WINNIPEG,

J. A. SIMINGTON, *President.*

MUTUAL BROKERS OF SASKATOON,

J. A. SIMINGTON, *President.*

AGREEMENT

CALGARY, ALTA., May 31, 1924.

Agreement made between Associated Fruit Growers of Vernon, B.C., and the Mutual Brokers of Vancouver and Victoria.

Witneseth—

The Associated appoint the Mutual as their exclusive representatives for the cities of Vancouver and Victoria and agree to pay brokerage on all sales of fruits and vegetables as follows:—

1. On carloads of apples, fresh fruits, celery, tomatoes, \$30 per car.
2. On mixed cars of the above commodities, \$30 per car.
3. On mixed cars of the above commodities and root vegetables, \$25 per car.
4. On root vegetables and onions, \$20 per car.
5. On cherries and L.C.L. fruits and vegetables, 10 cents per case.

It is agreed that the Associated may should they deem it necessary, appoint other brokers for the handling of main line potatoes and in such an event the Mutual are privileged to represent other potato shippers.

This agreement is one of three similar agreements being entered into between the Associated and Mutual and it is agreed that failure on the part of either the Associated or Mutual to fulfil the covenants of said agreements would constitute a violation of this agreement.

(Signed) ASSOCIATED FRUIT GROWERS OF VERNON, B.C.

E. J. CHAMBERS, *President.*

B. STEUART, *General Manager.*

MUTUAL BROKERS OF VANCOUVER,

J. A. SIMINGTON, *President.*

AGREEMENT

CALGARY, ALTA., May 31, 1924.

Agreement between the Associated Growers of B.C., parties of the first part, and Royal Fruit Co., Brown Fruit Co., Alexander Grocery Co., and Camrose Grocery Co., parties of the second part.

Witnesseth—

The parties of the second part agree to purchase all their supplies of tree fruits and vegetables (except hothouse tomatoes) between May 1, 1924, and May 1, 1925, from the Associated.

On all such purchases the Associated agree to pay the Mutual Brokers of Edmonton as follows:—

1. On carloads of apples, fresh fruit, celery, tomatoes, \$30 per car.
2. On mixed cars of the above commodities, \$30 per car.
3. On mixed cars of the above commodities and root vegetables, \$25 per car.
4. On root vegetables and onions, \$20 per car.
5. On cherries and L.C.L. fruits and vegetables, 10 cents per case.

It is agreed that the Mutual Brokers of Edmonton may represent other shippers of fruits and vegetables in B.C. as brokers.

This agreement is one of three similar agreements being entered into between the Associated and Mutual and it is agreed that failure on the part of either the Associated or Mutual to fulfil the covenants of said agreement would constitute a violation of this agreement.

(Signed) ASSOCIATED GROWERS OF B.C. LTD.,

E. J. CHAMBERS, *President.*

B. STEUART, *General Manager.*

ROYAL FRUIT CO.,

J. A. SIMINGTON.

BROWN FRUIT CO.,

J. A. SIMINGTON.

ALEXANDER GROCERY CO.,

J. A. SIMINGTON.

CAMROSE GROCERY CO.,

J. A. SIMINGTON.

MUTUAL BROKERS OF EDMONTON,

J. A. SIMINGTON, *President.*

AGREEMENT

CALGARY, ALTA., May 31, 1924.

Agreement between Associated Fruit Growers of B.C., hereinafter called the Associated, and the Mutual Brokers of Montreal, hereinafter called the Mutual.

Witnesseth—

The Associated appoint the Mutual as exclusive brokers for the handling of their tree fruits and vegetables for the province of Quebec. The Mutual may also act as brokers for the Associated in the City of Ottawa, Ont., but such representation shall not be exclusive.

Brokerage rates to be paid the Mutual on goods sold by them as follows:—

1. On carloads of apples, fresh fruit, celery, tomatoes, \$30 per car.
2. On mixed cars of the above commodities, \$30 per car.
3. On mixed cars of the above commodities and root vegetables, \$25 per car.
4. On root vegetables and onions, \$20 per car.
5. On cherries and L.C.L. fruits and vegetables, 10 cents per case.

Brokerage statements to be rendered and paid on or before the 15th of the month covering the previous month's business.

(Signed) ASSOCIATED GROWERS OF B.C.,
 E. J. CHAMBERS, *President*.
 B. STEUART, *General Manager*.
 MUTUAL BROKERS OF MONTREAL,
 J. A. SIMINGTON, *President*.

This agreement is one of three similar agreements being entered into between the Associated and Mutual and it is agreed that failure on the part of either the Associated or Mutual to fulfil the covenants of said agreements would constitute a violation of this agreement.

APPENDIX 9

AUDITORS' REPORTS, CALGARY, REGINA, WINNIPEG

CALGARY, ALBERTA, September 10, 1924.

LEWIS DUNCAN, Esq.,

Commissioner,

Combines Investigation Act, 1923,
Regina.

DEAR SIR,—In accordance with the instructions contained in your letter of August 29, we have made numerous visits to the offices of Mutual Brokers, Limited, Calgary, Acme Fruit Company, Limited, Calgary, Mitchell Fruit Company, Limited, Calgary, where we have made personal investigation of the various matters to which you have directed our special attention, in addition to which we have spent considerable time on general matters concerning the conduct of the businesses of these companies, which might be of interest or assistance to you in connection with the investigation on which you are now engaged. In view of your later verbal instructions we have made no examination of the books and records of W. E. Carruthers, Supervisor for Alberta and British Columbia of the Nash companies.

RHUBARB

We have looked into all the sales of rhubarb made by Mutual Brokers, Limited, during the 1924 season, and submit schedules of gross profit obtained on all parcels sold to the Acme Company and the Mitchell Company, and showing which lots were purchased outright and which on a commission basis.

Of carload lots the following were sold in Calgary:—

—	Car No.	Received	Pkgs.	From	Sold to	Invoice Cost	Account Sales
						\$ cts.	\$ cts.
(a) C.P.....	282776	14th May...	466	Dewdney, B.C.	Acme.....	532 50	517 74
(b) C.P.....	282882	4th June...	586	"	"	820 40	703 20
(c) C.P.....	282482	28th May...	527	"	Mitchell...	711 45	632 40
(d) C.P.....	282782	2nd May...	415	"	Scott.....	461 35	436 35
(e) C.P.....	282406	22nd April..	380	"	Acme.....	477 50	Not seen

(a) There is a deduction from the invoices of \$11.76, excess charge on weight of car, which reduces the invoice cost to \$570.74.

(b) The invoice was for 586 boxes at \$1.40, \$820.40, but only 583 were recieved and the invoice was reduced to \$816.20; the account sales shows 586 at \$1.20.

(c) The invoice was for 527 boxes at \$1.35, \$711.45; the account sales shows 527 at \$1.20, \$632.40.

(d) The account sales from Mutual Brokers, Calgary, to Mutual (Vancouver) Limited, shows a net return of \$461.35, being 415 at \$1.45, delivered in Calgary, \$601.75, less freight \$140.40; the account sales from Mutual (Vancouver) Limited to the shippers shows a gross return of \$436.35.

(e) The invoice shows 382 boxes at \$1.25, \$477.50, less overcharge on weight of car \$33.86, net \$443.64 the account sales of Mutual (Vancouver) Limited to the shippers has not been produced for our inspection but should be referred to for comparison.

The amounts short remitted to shippers are, therefore, as follows:—

	Proceeds to be accounted for	Accounted for to shippers	Short accounted for
	\$ cts.	\$ cts.	\$ cts.
(a).....	570 74	517 74	53 00
(b).....	816 20	703 20	113 00
(c).....	711 45	632 40	79 05
(d).....	461 35	436 35	25 00
	2,559 74	2,289 69	270 05
Less 5 per cent commission.....			13 50
Amount short accounted for.....			256 55

With reference to car 281740, included in summary of rhubarb transactions in 1924 made up by Mutual Brokers, Calgary, this car was shipped to the Lethbridge Mercantile Company at \$1.50, delivered Lethbridge, which price we are informed is equivalent to \$1.21

f.o.b. Dewdney. The account sales by Mutual (Vancouver) Limited to shipper shows gross sales of \$551.53, being 490 boxes at \$1.12½.

There is, on the same summary, car 282938 to Medicine Hat, shipped May 27, at a price of \$1.50 delivered. We have no account sales with which to compare this, nor are we able to learn the equivalent rate f.o.b. Dewdney.

You directed our attention to shipment of nine boxes of hothouse rhubarb by E. M. Handy, Dewdney, B.C., in January, 1923. We find this was handled by Mutual Brokers, Calgary, and sold on consignment by the Acme and Mitchell companies. An abstract of the account sales of these companies is as follows:—

In Acme Company:—

4 cases realized.. . . .	\$25 15
Commission 15 per cent.. . . .	3 77

Net proceeds.. . . .	\$21 38
----------------------	---------

In Mitchell Company:—

5 cases realized.. . . .	\$41 50
Commission 20 per cent.. . . .	8 30

\$54 58

The account sales from Mutual Brokers, Calgary, to E. M. Handy incorporates the above figures and has the following deductions:—

Brokerage (4 per cent).. . . .	\$ 2 18
Express.. . . .	19 13

\$21 31

Remittance to shipper by cheque 4883.. . . .	\$35 27
--	---------

It will be noted that the usual rate of commission on l.c.l. shipments on consignment is 15 per cent and that occasionally 20 per cent is charged. In reply to our inquiry, Mr. Hiles of the Acme Company stated that they sometimes charged 20 per cent when they considered they had made a specially good disposition of a lot, or in cases where the marketing afforded any special difficulties.

From the accompanying schedules it will be seen that, in the case of the Acme Company the gross profit has varied between 12.5 per cent and 34.3 per cent with an average for the rhubarb season of 22.8 per cent when both purchases and consignment lots are taken into account. In the case of the Mitchell Company the one car lot showed a gross profit on sales of 24.4 per cent, the consignment rate being 15 per cent throughout.

Among the Vancouver account sales of rhubarb submitted to us are several relative to shipments to other distributing points and, if it is desired to compare these with the relative invoices, it will be necessary to do this at the points where the goods were disposed of.

BERRIES

In your letter of September 5 you requested us to note and report on cases of differential prices at which sales were made to outside jobbers as compared with those to the jobbing houses associated with Mutual Brokers. We submit the following cases:—

INSTANCES OF DIFFERENTIAL PRICES TO JOBBERS

Berries 1. c. 1

Date	Mutual Invoice	Berry	Quantities and Prices to					
			Red Deer	Acme	Mitchell	Burns	Scott	Styles
1924								
June 23		Straw		18—\$2 15	14—\$2 00			
19		"		193— 1 93	125— 2 11			
					34— 1 25			
26		"	50—\$2 75	40— 2 85	52— 2 85		28—\$3 00	20—\$3 00
		Goose		35— 1 25	36— 1 25			10— 1 50
26		Straw		77— 2 85	61— 2 85	30—\$3 00	25— 3 00	
28		"		55— 2 85	50— 2 85		40— 3 00	25— 3 00
July 7		"		97— 2 85	62— 2 50			
					20— 1 25			
3		"		22— 2 85	28— 2 25			10— 3 00
14		Rasp		208— 2 10	181— 2 00	43— 2 60	35— 2 60	
						7— 1 75		
		B. Caps		11— 2 50	10— 2 25			
23		Rasp		60— 1 00	50— 90			
23		Black		45— 1 95		15— 2 60		
7		Straw		100— 2 00	75— 2 00	75— 2 75	50— 2 75	40— 2 75
		(part of carlot 5566)						

In the last mentioned case, all the jobbers were originally invoiced at \$2.75, but allowances of 75 cents per case were later given to the Acme and Mitchell companies.

We have traced the sales where preferential prices have been given to certain of the jobbers, and we attach a comparative statement of the results. We have prepared the lot records for sales in the Acme and Mitchell companies, but have not found it possible in the majority of instances to agree the total number of cases sold with the number received. In order to ascertain the rate per cent of gross profit we have taken the average selling price per case, but we would point out that the figures arrived at by this method may not be strictly correct, but in view of the inaccuracies in the books it is the only available basis. The independent jobbers supplied the figures incorporated in the attached schedule. In the headings on the schedule C.P. represents cost price, S.P. means selling price, and the percentage is gross profit on sales.

Interwoven with the question of differential prices is the doubt which frequently seems to exist as to whether the Acme Company and the Mitchell Company actually handle goods by purchase outright or on consignment. We notice certain cases in which an invoice is rendered by Mutual Brokers, Calgary, to one of its associated jobbers, giving all the appearance of a straight sale, but on examination it is found that the date of these invoices is a few days subsequent to the date when the goods were received and marketed by the jobber. Between these dates the jobber ascertains the actual proceeds of the sale, and it would appear that he then communicates the figures to Mutual Brokers, Limited, who then invoice the jobber at a price which ensures to the latter a reasonable profit, usually approximating to a 15 per cent commission or a brokerage of 25 cents per package. That this is an established practice was admitted to us by Mr. Holdercroft, of the Acme Company.

We submit the following instances:—

Acme Company, Lot 922, received June 16, 75 cases strawberries, \$131.20. Invoice from Mutual Brokers dated June 19. Acme lot record shows total sales \$149.95, from which they deduct a commission of \$18.75, being 25 cents per crate, leaving the exact amount of Mutual Brokers' invoice of three days later.

Acme Company, Lot 351, received July 23, 60 cases Associated raspberries, \$60, and 50 cases Salmon Arm raspberries, \$90. Invoice from Mutual Brokers dated July 29, as above. Acme lot record shows 60 cases raspberries sold for \$77.25; \$15 is then deducted as a brokerage (25 cents per case), leaving \$62.25; the Mutual Brokers' invoice of six days later charges Acme Company with \$60. The Acme lot record for 50 cases Salmon Arm raspberries shows total sales of \$101.50, from which is deducted brokerage of \$12.50 (25 cents per case), leaving \$89; the Mutual Brokers' invoice of six days later charges Acme Company with \$90.

Lots 171 and 175, Acme, received July 9, 175 cases strawberries at \$1.70, \$297.50. Acme lot record shows total sales of \$346, from which is deducted commission of \$43.75 (approximately 12½ per cent on sales), leaving \$302.25; the Mutual Brokers' invoice of July 14 charges Acme with \$297.50.

Lot 826, Mitchell, received July 9, 129 cases strawberries at \$1.15, \$148.35. Mitchell lot record shows 146 cases disposed of for \$194.75, or at an average of \$1.33 per case; Mutual Brokers' invoice of 14th charges 129 cases at \$1.15 per case, or a profit (or commission) to Mitchell of 18 cents per case, or approximately 13½ per cent on sales.

Lots 830 and 837, Acme, received June 6, 30 cases strawberries at \$3, \$90. Acme lot record shows:—

Lot 830—Sales.. . . .	\$67 44
Less 20 per cent.. . . .	13 49
	<hr/>
	\$53 95
Less express.. . . .	8 91
	<hr/>
	\$45 04
 Lot 837—Sales.. . . .	 \$56 76
Less 20 per cent.. . . .	11 35
	<hr/>
	\$45 41
Less express.. . . .	8 91
	<hr/>
	\$36 50

or a total of \$81.54, after deducting 20 per cent. Mutual Brokers' invoice of 16th (ten days later) charges Acme with \$3 per case, or \$90. Total sales of \$124.20, less express \$17.82, leaves \$106.38, on which there is a profit of \$16.38, or over 13 per cent. Exhibit No. 427 has reference to this transaction. It shows that the goods were received by Acme on June 6, the account sales was made out on June 14 and the Mutual Brokers' invoice on June 16.

We have inspected the account sales of Mutual Brokers, Calgary, to Mutual (Vancouver), Limited, in connection with the above shipment of 30 cases and find the former returned the exact amount realized of \$90 less their brokerage charge of 10 cents, amounting to \$3.

The same exhibit, Lot 900, shows goods received on June 13, letter from Acme Company to Mutual Brokers, Calgary, enclosing cheque on 16th, and invoice from Mutual on same date. The lot record, in Acme's office, shows total sales of \$228 and bears the instruction "Pay \$203.35."

Your letter of 2nd inst. directed our special attention to shipments aggregating 258 cases of strawberries, which had been sold to the Acme and Mitchell companies. You state they were sold on consignment, 129 cases to each company, but the records of the companies, and of Mutual Brokers, Calgary, purport to show that these shipments were treated as straight sales and, in the case of the Acme Company, we find the 129 cases realized \$261.50. The method by which the price of \$1.70 per case was arrived at is set forth on page 6 of this report. The gross profit on this shipment was \$42.20 to the Acme Company, or 16.1 per cent.

The gross profit on the sale of the full lot of 258 cases was \$65.42 on sales of \$433.07, or 15.1 per cent.

We have inspected the account sales rendered by Mutual Brokers, Calgary, to the growers and find that the amount realized was duly accounted for except for a shortage of 20 cents, after allowance for the usual brokerage charges of 10 cents per case and the express charges paid by the brokers.

Referring to the attached comparative schedule of the results derived from the giving of preferential prices, we would point out that in the shipment of July 7, which is part of car No. 5566, shipped from Windell, there is an item of shrinkage in Mitchell lot record of 20½ cases, which is included in the price of \$2.12 per case. The lot record of Acme shows that 34 cases were sold at a price which was obtained by taking the average of the sales at the period during which these berries were sold. As the books of the respective companies did not disclose any other information, we have had to accept the lot records, but we would point out that the shrinkage reports of the Mitchell Company do not show any shrinkage in respect of the shipment of July 7. The monthly statement of this company, however, shows a stock shortage of \$327.74, and it is possible that there may be some connection between the shrinkage referred to above and this stock shortage.

Your letter of September 3 enclosed Exhibit No. 324 and our attention was directed to the low prices obtained. There were 110 cases of raspberries, etc. received from various growers and the account sales submitted by Mutual Brokers, Calgary, to the Associated Growers at Vernon returns gross sales of \$105.10. We have inspected the invoices to the jobbers and find that 60 cases at \$1 were sold to Acme Fruit Company and 50 cases at 90 cents to Mitchell Fruit Company, or total sales of \$105, which is 10 cents less than that returned to the Growers. The books of the Acme and Mitchell Companies disclose that they netted 22.5 per cent and 14.2 per cent respectively, gross profit on sales.

GORDON HEAD STRAWBERRIES

Your letter of August 29 asked us to ascertain the total profit arising out of the sale by Mutual Brokers, Calgary, to Acme of 225 cases Gordon Head Strawberries, ex-car 5623 on June 17 last. We have prepared a lot record of this shipment and have been able to account for sales of 222½ cases which realized \$655.16 or an average of \$2.94 per case. The gross profit was 59 cents per case or 20 per cent on sales.

BERRIES

The following are particulars of the amounts realized on sales of carlot shipments, or parts thereof, of berries and the account sales rendered by the brokers to the growers should be examined in order to ascertain if the amount realized was accounted for:—

Date	Car	Berries	Cases	Amount		Freight	Other Dedns.	Net Sales
				Rate	Total			
1924				\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
June 18.....	5609	Straw.....	435	2 90	1,261 50			
17.....	5623	G. H. Straw..	577	2 35	1,355 95			
20.....	5646	".....	518	2 85	1,476 30			
July 12.....	5637	Rasp.....	455	2 90	1,391 50			
		Logan.....	40	2 50	100 00			
June 25.....	5639	G. H. Straw..	918	3 00	2,754 00	524 10	181 57	2,048 33
16.....	280642	Straw.....	240	2 50		465 10		1,375 70
			528	2 35	1,840 80			
20.....	280682	Straw.....	767	2 75	2,109 25			
		Goose.....	1	2 00	2 00	448 30		1,662 95
21.....	5621	G. H. Straw..	918	3 00	2,754 00	696 28		2,057 73
	280532	Rasp.....	763					
		Logan.....	37		2,034 50	453 25		1,581 25

The deduction of \$181.57 on car 5639 represents the express allowance on the C.N.R. and we were informed that it covers the express charges from Calgary to destination of car. A similar charge is included in the freight deduction of \$696.28 on car 5621, and represents the C.N. express charges from Calgary to Youngstown, the latter place being the destination of the car.

The sales of berries in car 280642, June 16, were made to jobbers in Calgary and Red Deer. The price to the Calgary jobbers (who included "Independents" as well as those associated with Mutual Houses) was \$2.50 per case, while the rate to the Red Deer Grocery was \$2.35 per case.

Where the sales do not cover the whole carlot shipment, no freight is deducted, the understanding with regard to payment being that it is paid at the final destination of the car.

TOMATOES

We have traced two carlot shipments of hothouse tomatoes, through the books of Mutual Brokers, Calgary, and on to the local jobbers. Both of these shipments were in July, 1923, and we give hereunder the details of the various records.

ACME FRUIT COMPANY, LIMITED, CALGARY

Account from Mutual Brokers, Calgary

1923						
July 17	825	Tomatoes at	\$4.00.. . . .	\$ 3,300.00		
	70	Cucumbers at	3.75.. . . .	262.50	\$ 3,562.50	
		Express Charges.. . . .			633.77	
		Cheque to Mutual Brokers, Calgary.. . .			\$ 2,928.73	

The account sales submitted by Mutual Brokers, Calgary, to Mutual (Vancouver) Limited, Victoria Branch, incorporates all of the above figures, and, in order to complete the examination, the return of the Victoria Branch of Mutual to the growers should be inspected.

MUTUAL BROKERS LIMITED, CALGARY

Car No. 5522 containing 840 tomatoes was disposed of as follows:—

Acme Fruit Company, 106 cases at \$3.25.. . . .	\$ 344 50
Mitchell Fruit Company, 70 cases at \$3.25.. . . .	227 50
Plunkett & Savage, 182 cases.. . . .	591 50
Scott Fruit Company, 66 cases at \$3.25.. . . .	214 50
Burns & Company, 66 cases at \$3.25.. . . .	214 50
Total, 490 cases.. . . .	\$ 1,592 50
Mutual Brokers, Edmonton, 350 cases at \$3.. . . .	1,050 00
Total cases, 840.. . . .	\$ 2,642 50

The account sales of Mutual Brokers, Calgary, to Mutual (Vancouver) Limited, Victoria Branch, is as follows:—

440 cases tomatoes—Calgary, at \$3.25.. . . .	\$ 1,430 00	
Less:—Express charges.. . . .	301 25	\$ 1,128 75
400 cases tomatoes—Edmonton, at \$3.. . . .	\$ 1,200 00	
Less:—Express charges.. . . .	300 72	899 28
		<u>\$ 2,028 03</u>

Taking the total sales of \$2,642.50 and deducting the express charges of \$601.97, net sales of \$2,040.53 are left, which is \$12.50 in excess of those shown by the account sales. This difference is accounted for by the error of stating that 440 cases were sold in Calgary at \$3.25, whereas 400 cases were so sold. The explanation given to us by Mutual Brokers, Calgary, for this difference is that a commission or brokerage was allowed to Edmonton and apparently the profit of \$12.50 was used to meet this charge.

We were informed that there no carlot shipments of hothouse tomatoes received this year and a survey of the Receiving Books substantiated this statement. Certain l.c.l. shipments were received by the jobbers and we have inspected some of the invoices received from the brokers at the coast. They are as follows:—

To Acme Fruit Company, Limited, Calgary,		
From Mutual (Vancouver) Limited, Vancouver, B.C.		
July 9-28, 1924, 373 cases tomatoes.. . . .		\$1,299 15
From Victoria Branch.		
May 21-31, tomatoes and cucumbers.. . . .		\$ 328 80
June 17-21 do		315 80
July 21 do		536 90
<u></u>		
To Mitchell Fruit Company, Limited, Calgary,		
From Victoria Branch.		
May 12-29, 1924, tomatoes and cucumbers.. . . .		\$ 640 00
June 1-7 do		207 65
June 10-14 do		181 05
June 17-21 do		247 80
<u></u>		

These particulars will enable you, if you so desire, to make comparison with the account sales rendered to the shippers.

GENERAL

Replying to query (2) in your letter of August 30, we have to report that the company is unable to explain the shrinkage therein referred to. They suggest that the rhubarb was probably in bad condition and the shipment had to be "reconditioned".

Your letter of 5th inst. enclosed Exhibit No. 399 and requested us to ascertain in what way the transaction was entered in the books of Mutual Brokers Limited, Calgary. We find that the Lot Record shows a profit of \$5, which means that the sales were understated to the growers by this amount.

We tested the l.c.l. book of Mutual Brokers, Calgary, and found that the gross sales shown on the account sales to the growers for shipments received on July 15, 1924, were less than the gross amounts received from the jobbers by \$12.40. The brokers informed us that while it was possible in some shipments the account sales was for slightly less than the amount received from the jobbers, the transactions for the whole month would be found to be in balance. To test the accuracy of this statement we examined all of the l.c.l. transactions for the month of July and found that the amounts remitted to the growers were, with only a very trifling variation, equal to the amounts received from the jobbers less the usual charges for express and brokerage.

With the exception of two vouchers which were stated to have been handed over to yourself, all books, vouchers and records were promptly exhibited to us on request and ready replies were accorded to our numerous inquiries.

In addition to the matters reported upon, we have spent considerable time examining numerous transactions which did not yield any material, which, in our opinion, called for report.

Yours faithfully,

HARVEY, COLE & ROBERTSON,
Chartered Accountants.

RHUBARB TRANSACTIONS OF ACME FRUIT COMPANY, LIMITED, CALGARY, SEASON 1924

Date Received	Packages	Shipper	Lot No.	Cost of Goods	Freight and Express	Handling Refrig., etc.	Total Cost	Profit Sales	Divided Car Sales	Proportion of Freight Allowance to other Shippers	Net Divided Car Sales	Gross Profit	Commission	Rate to Shippers	Remarks
1924				\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
April 3	8	Mutual, Calgary	488	.....	5 99	.....	.....	30 00	.....	.....	.....	.....	4 50	15	
25	25	" "	508	.....	17 20	.....	.....	83 75	.....	.....	.....	.....	12 60	15	
21	12	" "	570	.....	8 54	.....	.....	29 00	.....	.....	.....	.....	4 35	15	
22	380	" Vancouver car 282406	572	443 64	140 40	10 84	594 88	223 25	474 04	25 73	448 31	76 68	.....	34-3	Freight allowance, \$33.86.
28	24	Mutual, Calgary	594	.....	15 55	.....	.....	46 35	.....	.....	.....	.....	6 95	15	
May 1	30	Vernon Fruit Co.	614	45 87	.....	.....	45 87	66 90	.....	.....	.....	21 03	.....	31-4	
8	100	" "	622	.....	.....	.....	.....	199 10	.....	.....	.....	31 10	.....	15-6	
3	83	Scott	649	168 00	.....	.....	168 00	166 00	.....	.....	.....	43 57	.....	26-2	Rebate \$2.55 allowed. Shrinkage 1 case.
13	28	Mutual, Calgary	631	122 43	.....	.....	122 43	51 50	.....	.....	.....	.....	8 06	15	
			675	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
			683	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
14	466	" Vancouver, car 282776	701	570 74	140 40	11 05	722 19	277 70	526 05	8 94	517 11	72 62	.....	26-5	Freight allowance \$11.76.
19	65	Vernon Fruit Co.	722	106 75	.....	.....	106 75	138 50	.....	.....	.....	31 75	.....	22-9	
26	25	" "	728	.....	.....	.....	.....	56 00	.....	.....	.....	13 00	.....	23-2	
June 6	583	Mutual, Vancouver, car 282882	833	816 20	150 30	66 40	1,032 90	365 47	741 26	.....	741 26	93 83	.....	24-3	
12	195	Mutual, Vancouver, car 282914	883	273 00	51 32	21 06	345 38	244 75	138 21	.....	138 21	37 53	.....	15-3	
7	24	Mutual, Calgary	842	.....	17 20	.....	.....	48 25	.....	.....	.....	.....	9 75	20	Rebate 50 cents.
5	5	Plunkett & Savage	829	10 00	.....	.....	10 00	11 25	.....	.....	.....	1 25	.....	12-5	
				2,599 63	546 90	109 35	.....	2,057 77	.....	.....	1,844 89	422 41	46 21	.....	178 16

SUMMARY

Cost of Goods.....	\$ 2,599 63	Profit Sales.....	\$ 2,057 77
Freight and Express.....	546 9	Net Divided Car Sales.....	1,844 89
Handling, Refrigeration, etc.....	109 35		
	<u>\$ 3,255 88</u>		
Net to Shipper.....	178 16		
Gross Profit on Purchases.....	\$ 422 41		
Commission.....	46 21		
	<u>\$ 3,902 66</u>		

Percentage of profit on Rhubarb transactions, including purchases and consignments, 22.8 p.c.

RHUBARB TRANSACTIONS OF MITCHELL FRUIT COMPANY, LIMITED, CALGARY, SEASON 1924

Date Received	Pack-ages	Shipper	Lot No.	Cost of Goods	Freight and Express	Handling Refrigeration, etc.	Total Cost	Profit Sales	Divided Car Sales	Gross Profit	Com-mission	Rate p.c.	Net to Shipper	Remarks
1924				\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.		\$ cts.	
April 10...	12	.....	15	.....	8 82	.....	.....	36 50	.....	.....	5 55	15	22 13	
21...	13	.....	75	.....	9 11	.....	.....	27 85	.....	.....	4 31	15	14 43	
8...	15	.....	997	.....	11 03	.....	.....	51 10	.....	.....	7 67	15	32 40	
4...	11	.....	975	.....	7 96	.....	.....	34 75	.....	.....	5 21	15	21 58	
	35	.....	189	.....	24 99	.....	.....	64 00	.....	.....	9 60	15	23 41	Shrinkage 1 box.
	527	Mutual Vancouver, car 252482	348	711 45	145 71	66 60	923 76	139 15	818 56	33 95	.....	24 4	.....
				711 45	207 62	66 60		353 35	818 56	33 95	32 34	.....	119 95	

SUMMARY

Cost of Goods.....	\$ 711 45	Profit Sales.....	\$ 353 35
Freight and Express.....	207 62	Divided Car Sales.....	818 56
Handling, Refrigeration, etc.....	66 60		
Net to Shipper.....	\$ 985 67		
	119 95		
Gross Profit on Purchases.....	\$ 33 95		
Commission.....	32 34		
	36 29		
	<u>\$ 1,171 91</u>		<u>\$ 1,171 91</u>

COMPARATIVE STATEMENT OF PREFERENTIAL PRICES SHOWING RESULTS OF SAME ON SALES BY JOBBERS, BOTH COMBINE AND INDEPENDENT

Date	Berry	Arme				Mitchell				Burns				Scott				Styles			
		C.P.		S.P.	%	Cases	C.P.		S.P.	%	Cases	C.P.		S.P.	%	Cases	C.P.		S.P.	%	
		\$ cts.	\$ cts.				\$ cts.	\$ cts.				\$ cts.	\$ cts.				\$ cts.	\$ cts.			\$ cts.
June 23..	Straw....	18	2 15	2 75	21.8	14	2 00	2 40	15.6												
26..	"	40	2 85	3 40	16.2	52	2 85	3 00	5.0												
	Gorse....	35	1 25	2 28	45.2	36	1 25	1 77	29.4												
26..	Straw....	77	2 85	3 13	8.9	61	2 85	3 12	8.6	30	3 00	3 40	14								
28..	"	55	2 85	3 25	12.3	50	2 85	3 33	14.4												
July 3..	"	22	2 85			28	2 25	2 89	22.0												
14..	Rasp....	208	2 10	2 41	12.8	181	2 00	2 39	16.3	43	2 60	2 59	25c.								
	B. Caps..	11	2 50	3 03	17.6	10	2 25	2 44	7.8	7	1 75	2 86	13.2								
23..	Rasp....	60	1 00	1 29	22.5	50	0 90	1 05	14.2												
23..	Black....	45	1 95	2 41	19.1								Loss								
7..	Straw....	100	2 00	2 24	10.7	75	2 00	2 12	5.7	15	2 60	1 38	88.4								
						75	2 75			75	2 75										

HARVEY, COLE & ROBERTSON

CHARTERED ACCOUNTANTS

CALGARY, September 23, 1924.

HARRY HEREFORD, Esq.,

Registrar, Combines Investigation Act, 1923,
Regina, Sask.

DEAR SIR,—In accordance with instructions issued by yourself, Commissioner Lewis Duncan and Mr. L. F. Burrows, we have inspected various records at the offices of Mutual Brokers, Limited, Regina, Sask. There were no definite instructions issued at the time of commencing our investigation and in order to formulate some working programme, we had to go through the files and pick out specific cases, which we deemed it advisable to examine further.

On going over the correspondence we found a letter from Mr. Duncan to Mr. Burrows dated July 29, 1924, setting out certain carlot shipments of hothouse tomatoes, which the Victoria Hothouse Association had requested should be fully investigated. The files of Mutual Brokers, Regina, dealing with these shipments were obtained and we have prepared a schedule, which is attached to this report, showing an analysis of the sales of the various shipments.

Lot records of the sales of these tomatoes were obtained from the various jobbers and in accordance with your instructions, we have accepted these returns as submitted. On the same schedule we have prepared an analysis of two l.c.l. shipments in order to bring to your notice the way in which some of these transactions were handled by the Regina brokers.

In order that you may get a complete understanding of the schedule, we submit hereunder certain explanations. We would point out that in giving comparisons of the jobbers' sales, we have only requested the returns from certain of the jobbers, but we are of the opinion that sufficient cases have been stated to give your commission a fair working basis.

(a) It will be seen that on the carlot shipments Mutual Brokers, Regina, made an overage or profit, which in the year 1923 was returned to the jobbers participating in the car but in 1924 any such amounts were credited to a Suspense Account and were still shown in that account as at August 31, 1924. These overages or profits are built up in this way. Mutual (Vancouver) Limited, bills Mutual, Regina, with the f.o.b. shipping point price, the receiving broker having to pay the freight and other charges. The local broker estimates what these additional charges will amount to and bills his jobbers on that basis. After the definite charges have been ascertained it is found that the estimate has been incorrect, with the result that, if the estimate has been too high, the overage will be returned to the jobbers, and if the charges were underestimated, the jobbers will be charged with their proportionate amounts. The amounts in question are as follows:—

1923—286620..	\$105 98	
284166..	132 38	
286825..	151 00	\$389 36

These amounts were returned to the jobbers participating in the cars, and we would point out that the houses are all connected with the Nash interests.

1924—282578..	\$244 72	
286916..	166 33	
286541..	173 97	\$585 02

The above sum was at the credit of Suspense Account at August 31, 1924, and we asked Mr. G. N. Smith, manager of Mutual Brokers Limited, Regina, just what disposition would be made of it. His reply was, that it was being held until the end of the tomato deal, when he expected that the growers would have an audit made. He further stated that in his opinion it belonged to the jobbers and would probably be returned to them.

It will be noticed that the credit allowed to the jobbers has been taken into account as reducing the cost of the goods bought. In 1923 the "Independent" Jobbers did not participate in the tomato deal, and are therefore not interested in the above overages.

(b) All percentages have been based on profit sales, and the figures shown are gross percentages of profit on profit sales. Some sales are made between jobbers at cost and these are not included in the percentage figures.

(c) Some of the lot records submitted did not give a very satisfactory accounting for the shipment. Take for example the case of the Rex Fruit Company, Limited, Moose Jaw, re car 284166, June 26, 1923; they received 144 crates and their lot record showed a shrinkage of 29½ cases and a loss on the whole transaction of \$303.92. It is almost impossible to check up these items as the records in this regard are very poorly kept. However, we have shown the loss but, at the same time, would point out that the shrinkage

is not supported by proper records and averaging the selling price per case on actual sales, discloses a profit of 7.3 per cent. The above remarks are also applicable to the alleged losses in cars 286825 and 286916.

The above remarks have particular reference to the transaction in hothouse tomatoes, but we would point out that the matter of the brokers making overages and returning them to the jobbers takes place in practically all shipments that are not treated on a consignment basis. We were informed that, prior to April 1, 1922, these overages were not returned to the jobbers and from that date to November 30, 1922, 75 per cent was returned, from November 30, 1922, until March 31, 1923, none were returned with the result that from December 15, 1922, to March 31, 1923, a profit of \$2,206.58 was realized from this source.

During the present year the overages are returned monthly to their own jobbers but any amounts which have been overcharged to independent jobbers are not returned, but are credited to suspense account. It is, therefore, obvious that because of this procedure, preferences are given to the extent, at least, of the overages not returned to the independents, which has the same effect as differential prices.

We have examined the records pertaining to these transactions and find that the under-noted amounts, which represent overages on shipments, have been credited to suspense:—

	Scott Fruit Co., Ltd.	P. Burns & Co., Ltd.
May, 1924..	\$ 16 58	\$ 29 32
June, 1924..	67 35	130 36
July, 1924..	118 83	173 44
	<u>\$202 76</u>	<u>\$333 12</u>

A credit was passed to P. Burns & Company, Limited, subsequent to the above for \$63.12, being rebates on the berry sales. Of this sum \$10.80 was charged against the Berry Account and the balance of \$52.32 was charged to Suspense. For the month of August, 1924, we found that all overages were returned to their own houses, which means that any amounts which might have been overcharged to independent jobbers has been credited back to their own houses.

(d) On the l.c.l. shipments shown on the schedules, it will be noticed that the brokers at Regina make a profit in addition to their usual brokerage of 5 cents per case. Mr. Smith at Mutual stated that in these cases the brokers actually purchased the goods and took a chance on the market. We find these transactions were confined to the year 1923 and a summary of them shows that profits of \$224.80 were obtained, against which a loss of \$84.87 was charged, making the net profit over and above the brokerage on l.c.l. shipments of hothouse tomatoes of \$139.93.

(e) We would point out that in 1923 a handling charge of \$25 per car was charged by the brokers and in 1924 this figure was increased to \$30. These amounts are credited to special earnings account.

(f) With reference to car 286825, received July 5, 1923, we submit herewith an abstract of the invoice sent by Mutual (Vancouver) Ltd., Victoria, B.C., dated June 28, 1923:—

June 25—To carlot tomatoes, 1,210 crates at \$4.50.. . . .	\$5,445 00
55 boxes Special W. & S. cucumbers, 110 dozen.. . . .	Consignment
	<u>\$5,445 00</u>

The following deductions have been made at Regina by Mutual Brokers Limited:—

Brokerage on		
Car 286620..	\$ 37 95	
284166..	62 25	
286825..	63 25	
	<u>\$163 45</u>	
Empty crate..	4 50	\$ 167 95
		<u>\$5,277 05</u>
Rebate 1,209 crates at 50 cents..		604 50
		<u>\$4,672 55</u>
Add: Exchange..		5 85
		<u>\$4,678 40</u>

The above deduction of \$604.50 was made as a result of a telegram from Mr. Colquhoun to Mr. Snow at Vancouver, dated July 5, reducing the price from \$4.50 to \$4 f.o.b., but the Regina office forwarded a cheque for this amount to Vancouver on July 20, 1923. According to the letter on file, the cheque was sent at Mr. Colquhoun's request. We quote the following paragraph from the letter in question.

"It is distinctly understood, however, that we are being credited 25 cents on every crate sold for you since that time. Before you get this letter there should be enough money put by by you to more than pay this loss, and you should be able to send us your cheque right back."

We examined the books and found that a cheque for \$605 in payment of the above loss was received by Mutual Broker's Limited, Regina, on August 18, 1923.

We have gone into the transactions in connection with this car very carefully and find that the Invoices from Mutual Broker's Limited to the jobbers were made out on a basis of \$4.50 per case, being \$4 f.o.b. price plus an estimate of 50 cents per crate to take care of additional charges. This procedure has been explained previously in this report. You will notice that the estimate of 50 cents additional was too high, as on that basis Mutual Broker's Limited made an overage of \$151 which was returned to the jobbers. The Lot Records from the jobbers on this car were not very satisfactory but it will be seen that where any profits were made, they were not very large, while one of the jobbers shows a loss.

BERRIES

We found that Mr. Gornall, Dominion Fruit Inspector, had been assigned certain records of carlot shipments of strawberries and was engaged in tracing through the Lot Records for same. We went over the different shipments with him and after getting in the returns we have prepared a statement showing an analysis of same. This statement is attached, and, as in the case of the schedule on tomatoes, we give hereunder explanations of some of the transactions.

We requested Mr. Smith, Manager of Mutual Broker's Limited, to state the exact position with regard to how they had to handle the sale of berries, that is, if they had to sell to the jobbers outright or could they sell on consignment. His reply was that they had the option of either method, according to the condition of the berries. The records show that in some cases straight sales are made and, if necessary, credit notes passed for rebates or goods are sold on consignment and the Mutual Broker's Limited invoice is held open until the Account Sales is received from the jobbers. Mr. Smith advanced the argument that such procedure is for the benefit of the grower and, to some extent, this contention is probably correct, but, we would point out that it also has the feature of protecting the jobber against loss.

None of the shipments traced through furnished any evidence of differential prices, as between "Nash Jobbers" and "Independents," and a perusal of the attached schedule will show that the percentage of profit is, on the average, about the same. Unless some specific information regarding certain shipments is available it is very difficult to pick instances where the difference in the rate of profit is abnormal, and even then there may be a very feasible explanation, such as shrinkage, etc.

With regard to shipments on car 280704 and car 280858, in which Mutual Broker's Limited transferred \$17.41 and \$47.88 respectively to a "Berry Fund" account, these amounts represent an overage or profit which is *held in reserve pending the possibility of having to issue rebates to the jobbers after remittance has been sent to the grower.*

We have examined this account and find that for the year 1924, the aggregate of all such transfers amounted to \$171.90 and rebates have been issued to the various jobbers for this sum.

The shipment of car 280704, July 17, 1924, was sold on a consignment basis and most of the jobbers made the usual 15 per cent commission. The Swift Current Grocery Company, Limited, made equivalent to 31 per cent commission on this shipment. For your information we would point out that, as the jobbers have to make their returns to the brokers within a specified time, they often purchase any unsold lots at an average price and take the usual 15 per cent commission on that figure. The actual sales may vary from the estimate so that the jobbers profits will vary accordingly and such a procedure might account for the high profit realized by the Swift Current house.

The same remarks apply to the sales from shipment on car 280672, June 19, 1924, P. Burns & Company, Limited, on their original Lot Record disclosed a commission of 15 per cent whereas the final sales showed 23.8 per cent gross.

We would draw your attention to the methods employed by Mutual Broker's, Regina, in making their returns, usually termed Account Sales to the shippers. We have selected two examples, which will serve to show the variations:—

(1) Car No. 5645 containing 941 cases cherries from Associated Growers at Vernon, B.C., received July 6, 1923.

The Lot Record of Mutual Broker's Limited, Regina, shows as follows:—

Gross sales.. . . .	\$ 2,292 20
Credit notes.. . . .	637 37
Net sales.. . . .	\$ 1,654 83

The Account Sales submitted by the brokers only shows the Net Sales of \$1,654.83. The account rendered by the Associated Growers dated July 2, 1923, is for an amount of \$2,184, but we were informed by Mr. Smith of Mutual Broker's Limited, that they took no account of such invoices as they were really only a memorandum, and, although prices were quoted, the goods were really sold on consignment.

(2) Car No. 280832, 882 cases of cherries from Associated Growers, received July 11, 1923.

Lot Record of Mutual Broker's Limited shows:—

Gross sales.. . . .	\$ 2,644 75
Credit notes.. . . .	362 68
Net sales.. . . .	\$ 2,282 07

The invoice of the growers dated July 9, shows \$2,640.75, which is the gross amount shown on the Account Sales.

It will be noticed that there is a variation of \$4 in the gross sales and credit notes, although the net result is the same. It will also be observed that the invoice price as shown by the growers invoice has been used in the account sales, which fact does not reconcile with the previous case.

The explanation given by Mr. Smith was that in the latter case the market price at time of shipment had been realized. This, in our opinion, summarizes the situation to this condition that sales can be made on straight purchase or on consignment, whichever, in the brokers discretion, is the better.

RHUBARB

From our experience in the Calgary investigation we deemed it advisable to make inquiry into some rhubarb transactions and we submit an attached schedule showing an analysis of the sales in two carlot shipments. Both these shipments were in 1924 and we would direct your attention to the fact that the "overage" feature also exists here.

In the instance of car No. 2S2592, the estimated cost price to the jobbers was not sufficient, with the result that the loss of \$28.30 shown on Mutual Broker's books was charged back to the jobbers who participated. On the other shipment a reverse condition existed and the overage was returned.

From the schedule, it will be noticed that only Mutual or Nash houses participated in these cars, but it will give your Commission particulars of the rate of gross profit realized. When comparing these profits, the remarks on the schedule with reference to shortages and shrinkages will have to be considered.

APPLES

It was mentioned by Mr. Burrows that some information should be gathered in regard to shipments of apples, and certain files were obtained with regard to same. We find that the shipper invoices the jobber direct and therefore in our opinion, no useful data would result from further investigation. The brokers are supplied with a copy of the invoice but it forms no part of their financial records. They are entitled to their brokerage for placing the sales, which amount is a flat rate agreed upon by the respective parties.

GENERAL

From the evidence given by Mr. Smith, we noted that reference was made to certain accounts such as O.A.P. which means Open Accounts Payable, and the Suspense Account. We have examined the O.A.P. Account and found that it contains sundry liabilities in respect of freight, duty, etc., which are set up at the end of a month's business to which they belong. They are invariably paid during the following month. In numerous instances the amounts have to be estimated with the result that balances appear in this account and if it is deemed advisable they are closed out at the end of the year. Our examination did not disclose any material matter which calls for report.

The purpose of the Suspense Account has been explained previously in this report, that is to take care of sundry overages resulting from the tomato deal together with the amounts overcharged to Scott and Burns and not returned to them. There are other entries appearing in this account for sundry claims but they have no direct bearing on the matters under observation.

Referring to our remarks on page five, regarding the arrangement as to sales, we would refer you to a letter from Mr. W. E. Carruthers to Mutual Broker's, Regina, dated July 7, 1923. This letter is on Mutual Broker's file No. 226 (1923) Exhibit No. 6, re car 280570, containing 768 cases strawberries shipped by The Pacific Berry Growers. The letter has reference to the amount of Credit notes passed and the last paragraph is of particular interest as it points out that the brokers are supposed to make definite sales.

These remarks have reference to 1923 but it would be very valuable information to know if such conditions apply to the present year. Should such be the case, the question of selling on consignment should be further investigated.

Yours faithfully,

HARVEY, COLE & ROBERTSON,

Chartered Accountants.

ANALYSIS OF SALES OF SOME OF THE SHIPMENTS OF HOTHOUSE TOMATOES FOR YEARS 1923 AND 1924

Date	Car Number	Name	No. of Cases	Sales	Rebates	Net Sales	Invoice Cost	Freight	Handling	Cr. from Overages returned to Jobbers	Sundry Charges	Total Cost	Profit	%	Remarks
				\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.		
June 14, 1923....	286,620	Mutual, Regina.....	759	3,319 90	30 96	3,288 94	2,923 96	234 00	25 00	.....	.....	3,182 96	105 98	.....	Profit returned to jobbers.
Jobbers Sales....		Stockton & Mallinson, Limited	116	629 00	.....	629 00	522 00	.....	.....	25 25	.....	496 75	132 25	21	1 c/s short.
		Lloyd Fruit Co., Ltd.	95	517 50	4 50	513 00	427 50	.....	.....	19 08	.....	408 42	101 58	20	11 c/s short.
		Canadian Fruit Co., Ltd., Moose Jaw.	85	541 41	8 25	533 16	376 38	17 00	.....	17 00	.....	376 38	156 78	29	11 c/s short.
		Rex Fruit Co., Ltd., Moose Jaw.	116	714 61	.....	714 61	513 72	23 20	.....	25 25	.....	511 67	202 94	30	4 c/s short.
June 26, 1923....	284166	Mutual, Regina.....	1210	6,720 06	.....	6,720 06	6,215 25	342 93	25 00	.....	4 50	6,587 68	132 38	.....	Profit returned to jobbers.
Jobbers Sales....		Cucumbers.....	35	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
		Stockton & Mallinson, Limited.	320	1,867 18	2 75	1,864 43	1,760 00	.....	.....	52 54	.....	1,707 46	156 97	8	
		Lloyd Fruit Co., Ltd.	160	930 05	3 50	926 55	880 00	.....	.....	25 60	.....	854 40	72 15	7-7	
		Canadian Fruit Co., Ltd., Moose Jaw.	70	388 02	.....	388 02	383 25	4 80	.....	11 20	.....	376 85	11 17	3	21 c/s short.
		Rex Fruit Co., Ltd., Moose Jaw.	144	468 09	.....	468 09	790 25	4 80	.....	23 04	.....	772 01	303 92 (Loss)	.....	Shrinkage of 29 1/2 cases. Sales per case excluding shrinkage show 7-3% profit.
July 5, 1923....	286825	Mutual, Regina.....	1210	5,581 07	.....	5,581 07	4,678 40	239 21	25 00	.....	4 75	5,430 07	151 00	.....	Profit returned to jobbers.
Jobbers Sales....		Cucumbers.....	55	.....	.....	.....	225 17	94 09	.....	.....	163 45	.....	.....	.....
		Stockton & Mallinson, Limited.	210	1,001 35	3 85	997 50	945 00	.....	.....	37 80	.....	907 20	90 30	13-2	
		Lloyd Fruit Co., Ltd.	130	490 50	.....	490 50	585 00	.....	.....	23 40	.....	561 60	71 10	.....	13 1/2 c/s shrinkage.
		Canadian Fruit Co., Ltd., Moose Jaw.	125	574 64	14 00	560 64	562 50	.....	.....	22 50	.....	540 00	20 64	3-7 1/2	c/s short.
		Rex Fruit Co., Ltd., Moose Jaw.	200	825 05	.....	825 05	900 00	.....	.....	37 06	.....	862 94	37 89 (Loss)	.....	Shrinkage of 47 c/s. Sales per case excluding shrinkage show 13-9% profit.
June 10, 1924....	282578	Mutual, Regina.....	1210	5,436 00	.....	5,436 00	4,840 00	318 03	30 00	.....	3 25	5,191 28	244 72	.....	Transf. to Sus p. A/c
Jobbers Sales....		Stockton & Mallinson, Limited.	161	870 12	0 92	869 20	724 50	.....	.....	.....	.....	724 50	144 70	16-6	
		Lloyd Fruit Co., Ltd.	121	654 20	1 00	653 20	544 50	.....	.....	.....	.....	459 00	108 70	16-6	3 c/s short.
		Scott Fruit Co., Ltd.	102	544 20	.....	544 20	450 00	.....	.....	.....	.....	459 00	85 20	15-6	2 c/s over.
		P. Burns & Co., Ltd.	121	652 20	5 50	646 70	544 50	.....	.....	.....	.....	463 50	102 20	15-8	2 c/s over.
		Canadian Fruit Co., Ltd., Moose Jaw.	103	527 36	.....	527 36	463 50	.....	.....	.....	.....	463 50	63 86	12-1	13 c/s short.
		Rex Fruit Co., Ltd., Moose Jaw.	126	673 23	.....	673 23	567 00	.....	.....	.....	.....	567 00	106 23	15-7 1/2	c/s short.

June 23, 1924....	286916		\$ cts.		\$ cts.		\$ cts.		\$ cts.		\$ cts.		
		Mutual, Regina.....	950}	4,534 65		4,534 65	4,040 00		4,040 00		4,368 32	166 33	Transf. to Susp. A/c.
		Cumbers.....	150}										
		Stockton & Mallinson,	110	594 14		594 14	405 00		405 00		495 00	99 14	1/2 c/s shrinkage.
		Limited.....											
		Lloyd Fruit Co., Ltd.,	90	473 97	0 50	473 47	405 00		405 00		405 00	68 47	14-5 3/4 c/s short.
		Scott Fruit Co., Ltd.,	75	366 61		366 61	337 50		337 50		337 50	29 11	8 26 c/s shrinkage.
		P. Burns & Co., Ltd.,	90	491 78		491 78	405 00		405 00		405 00	86 78	17-6 1/2 c/s short.
		Regina.....											
		Canadian Fruit Co.,	83	435 82	5 75	430 07	375 17		375 17		378 17	51 90	12-0 5/8 c/s over.
		Ltd., Moose Jaw.						3 00					
		Rex Fruit Co., Ltd.,	90	388 52		388 52	405 00		405 00		405 00	16 48	Shrinkage 9 1/2 c/s per case profit.
		Moose Jaw.										(Loss)	
		P. Burns & Co., Ltd.,	35	158 53		158 53	157 50		157 50		157 50	1 03	2 1/2 c/s short.
		Regina.....											
		Mutual, Regina.....	990}	4,635 00		4,635 00	4,120 00		4,120 00		4,461 03	173 97	Transf. to Susp. A/c.
		Cumbers.....	100}										
		Stockton & Mallinson,	110	560 74		560 74	405 00		405 00		495 00	65 74	11-7 1 c/s short.
		Lloyd Fruit Co., Ltd.,	80	403 38		403 38	360 00		360 00		360 00	43 38	10-6 1 1/2 c/s short.
		Scott Fruit Co., Ltd.,	83	433 00		433 00	373 50		373 50		373 50	59 50	13-8 1 c/s short.
		P. Burns & Co., Ltd.,	82	437 45		437 45	369 00		369 00		369 00	68 45	15-6 1 c/s over.
		Regina.....											
		Canadian Fruit Co.,	70	366 58	4 15	362 43	315 00		315 00		315 00	47 43	13-1 3 c/s short.
		Ltd., Moose Jaw.											
		Rex Fruit Co., Ltd.,	90	482 95		482 95	405 00		405 00		405 00	77 95	4 1/2 c/s short.
		Moose Jaw.											
		Mutual, Regina.....	300	1,200 00		1,200 00	900 00		900 00		1,151 25	48 75	Brokerage of \$15.00 (5c. per c/s) rec'd in addition.
		Lloyd Fruit Co., Ltd.,	45	5 00	per case	5 00	4 00		4 00		4 00	1 00	
		Scott Fruit Co., Ltd.,	45	215 75		215 75	180 00		180 00		180 00	35 75	16-5 3/4 c/s short.
		Canadian Fruit Co.,	50	241 00		241 00	200 00		200 00		200 00	41 00	17 5/8 c/s short.
		Ltd., Moose Jaw.											
		Rex Fruit Co., Ltd.,	50	242 90		242 90	200 00		200 00		200 00	42 90	17-6 1 c/s short.
		Moose Jaw.											
		Mutual, Regina.....	100	400 00		400 00	300 00		300 00		383 76	16 24	Brokerage of \$5.00 (5c. per c/s) rec'd in addition.
		Scott Fruit Co., Ltd.,	10	48 50		48 50	40 00		40 00		40 00	8 50	
		Lloyd Fruit Co., Ltd.,	20	5 00	per case	5 00	4 00		4 00		4 00	1 00	
		Canadian Fruit Co.,	25	101 25		101 25	100 00		100 00		100 00	1 25	1-2 1/4 c/s shrinkage.
		Ltd., Moose Jaw.											
		Rex Fruit Co., Ltd.,	25	104 75		104 75	100 00		100 00		100 00	4 75	4-5 4 c/s shrinkage.
		Moose Jaw.											

In the above two l.c.l. shipments, the Lot Records of Lloyd Fruit Co., Ltd. only show a few sales and we have used the average selling price per case as the percentage basis.

ANALYSIS OF SALES OF CERTAIN SHIPMENTS OF BERRIES DURING THE YEARS 1923 AND 1924

Date	Car Number	Name	No. of Cases	Berries	Sales	Rebates	Net Sales	Invoice Cost	Freight and Express	Rebates Cr.	Total Cost	Profit	%	Remarks
					\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.		
June 11, 1923. Jobbers Sales	280694	Mutual, Regina.....	716	Straw.	3,043 00		3,043 00	2,553 77	476 23		3,043 00			Shrinkage of 1 case.
		Stockton & Mallinson.....	88	"	415 20		415 20	374 60			374 00	41 20	10	Shrinkage of 7 cases.
		Lloyd Fruit Co., Ltd.....	57	"	243 75		243 75	242 25			242 25	1 50		Shrinkage of 2 cases.
		Scott Fruit Co., Ltd.....	35	"	161 45		161 45	148 75			148 75	12 70	7-8	Shrinkage of 1 case.
		P. Burns & Co., Regina.....	31	"	153 00		153 00	131 75			131 75	21 25	13-8	Shrinkage of 5 cases.
		Rex Fruit Co., Ltd., Moose Jaw.	25	"	78 75	3 25	75 50	106 25			106 25	30 75	(Loss)	34 c/s short.
			85	"	398 29	0 60	397 69	361 25			361 25	36 44	9-1	Shrinkage of 1 case.
June 15, 1923.....	280706	Mutual, Regina.....	768	Straw.	3,264 00	192 00	3,072 00	2,591 60	480 40		3,072 00			Over-remitted \$480.40 but deducted later.
		Stockton & Mallinson.....	162	"	729 17	30 38	698 79	688 50		40 50	648 00	50 79	7-2	Sales short 9 cases.
		Lloyd Fruit Co., Ltd.....	100	"	440 70	4 75	435 95	425 00		25 00	400 00	35 95	8-2	Shrinkage of 1 case.
		Canadian Fruit Co., Ltd., Moose Jaw.	77	"	314 48		314 48	327 25			327 25	12 77	(Loss)	Sales 1 case over.
		Rex Fruit Co., Ltd., Moose Jaw.	138	"	654 61	3 55	651 06	586 50			586 50	64 56	9-8	Sales 11 cases short.
														Sales over 13½ cases.
June 17, 1924.....	280704	Mutual, Regina.....	768	Straw.	1,358 49		1,358 49	846 45	494 63		1,341 08	17 41		—Average taken.
		Stockton & Mallinson.....	228	"	397 21	7 50	389 71	334 90			334 90	54 81	15	Cr. to Berry Fund.
		Lloyd Fruit Co., Ltd.....	291	"	620 55	3 50	617 05	541 60			541 60	75 45	12-2	Shrinkage of 27½ cases.
		Scott Fruit Co., Ltd.....	54	"	57 25		57 25	48 66			48 66	8 59	15	Shrinkage of 6 cases.
		P. Burns & Co., Ltd.....	54	"	101 90		101 90	86 80			86 80	15 10	15	Shrinkage of 1 case.
		Swift Current Grocery Co., Ltd.	103	"	242 14		242 14	205 83			205 83	36 31	15	Shrinkage of 4½ cases.
			67	"	210 00	6 00	204 00	140 70			140 70	63 30	31	Shrinkage of 7 cases.
June 19, 1924.....	280672	The above car was apparently sold on Consignment.												
		Mutual, Regina.....	768	Straw.	1,282 23		1,282 23	821 53	460 70		1,282 23			Adjustment of \$120.00.
		Stockton & Mallinson.....	196	"	312 95	9 40	303 55	258 02			258 02	45 53	15	Shrinkage of 7 cases.
		Lloyd Fruit Co., Ltd.....	240	"	539 94		539 94	452 96			452 96	86 98	15-9	Sales 1 case over.
		Scott Fruit Co., Ltd.....	50	"	96 25		96 25	81 82			81 82	14 43	15	Shrinkage of 9 cases.
		P. Burns & Co., Regina.....	180	"	480 28		480 28	369 43			369 43	110 85	23-8	Sales 4½ cases short.
June 28, 1924.....	283853	This car was sold on Consignment.												
		Mutual, Regina.....	850	Mixed	2,912 25	4 87	2,907 38	2,926 01	533 49		2,859 50	47 88		Cr. to Berry Fund.
		Stockton & Mallinson.....	153	"	649 00		649 00	322 25			522 25	126 75	19-5	Sales 2 cases short.
		Lloyd Fruit Co., Ltd.....	114	"	474 00	2 00	472 00	389 50			389 50	82 50	17-4	Sales 1½ cases short.
		Scott Fruit Co., Ltd.....	171	"	298 00		298 00	241 75		4 87	236 88	61 12	20-5	Sales 1½ cases short.
		P. Burns & Co., Regina.....	114	"	480 13		480 13	388 50			388 50	91 63	19	Sales 2½ cases short.
		Swift Current Grocery Co., Ltd.	66	"	243 50		243 50	215 50			215 50	28 00	11-5	Sales 5 cases short.

Date	Car Number	Name	No. of Cases	Sales	Rebates	Net Sales	Invoice Cost	Freight and Express		Sundry Charges		Total Cost	Profit	%	Remarks
				\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.		
July 2, 1924. Jobbers Sales.	280810	Weyburn Grocery Co., Ltd.	10	Straw.	42 50	6 50	42 50	32 50	2 32	494 35	2,786 75	1 75	7 68	13-1	
		Walker Fruit Co. Ltd.	10	"	42 50		42 50	32 50	2 32		446 25	42 57	7 68	13-1	Sales 1½ cases over.
		P. Burns & Co., Moose Jaw	53	Mixed	218 05		218 05	180 25			324 50	42 57	37 80	13-3	Sales 2½ cases short.
		Rex Fruit Co., Ltd.	143	"	580 32		580 32	482 75			196 50	53 70	97 57	16-8	Sales 1 case over.
		Camdan Fruit Co., Ltd.	113	"	455 85		455 85	400 75			324 50	42 57	55 10	12-1	Cr. to Berry Fund.
July 2, 1924. Jobbers Sales.	280810	Moose Jaw.	845	Mixed	2,795 00	6 50	2,788 50	2,292 40	494 35		2,786 75	1 75	1 75		Sales 2½ cases short.
		Mutual, Regina.	140	"	403 68		403 68	446 25			324 50	42 57	7 68	(Loss)	Sales 7½ cases short.
		Stockton & Mallinson	103	"	313 87		313 87	324 50			324 50	42 57	7 68	21	Sales 1 case short.
		Scott Fruit Co., Ltd.	63	"	250 20		250 20	199 75		Cr. 3 25	196 50	53 70	24 53	8-4	Sales 2½ cases short.
		P. Burns & Co., Moose Jaw	78	"	293 28	2 00	291 28	270 00		Cr. 3 25	266 75	24 53	80 24	(Loss)	Sales 6 cases short.
June 19, 1924. Jobbers Sales.	280800	P. Burns & Co., Regina.	96	"	232 26	6 75	225 51	305 75			305 75	80 24	15 64		Shrinkage of 27 cases.
		Rex Fruit Co., Ltd.	210	"	710 86	9 00	701 86	717 50			717 50				
		Moose Jaw.	768	Straw.	704 60		704 60	265 14	439 55		704 60				Shrinkage of 49 cases.
		Mutual, Regina.	377	"	590 61	61 25	529 36	339 20			339 20		190 16	35	Sales 3½ cases over.
		Rex Fruit Co., Ltd.	237	"	271 25		271 25	201 45			201 45		69 80	25	Sales ½ case short.
April 29, 1924. Jobbers Sales.	282592	Canadian Fruit Co., Ltd.	156	"	217 66		217 66	164 04			164 04		53 62	25	Shrinkage 6 cases.
		Moose Jaw.													Shrinkage of 3 cases.
		P. Burns & Co., Moose Jaw													Sales 3½ cases over.
		Mutual, Regina.	490			832 00	612 50	215 30	(Handling 30 00) (Labour 2 50) Mut. Brok. Ltd. (Loss)		860 30	28 30	(Loss)		This loss is charged to jobbers.
		Stockton & Mallinson	115		274 47	0 50	195 50				202 40	71 57	26-1		Sales 5½ cases short.
May 27, 1924. Jobbers Sales.	282662	Lloyd Fruit Co., Ltd.	90		171 03		155 00				157 50	13 73	8		Sales 13½ cases short.
		Canadian Fruit Co., Ltd.	95		221 25		161 50				167 20	54 05	24-4		Shrinkage of 2 cases.
		Moose Jaw.	115		262 85		194 50	8 94			209 74	53 11	25		Sales 2 cases over.
		Rex Fruit Co., Ltd.	35		86 57		59 50	14 30			75 96	10 61	12-2		Sales 6½ cases short.
		Swift Current Grocery	10		26 10	4 00	17 00	3 10			20 70	1 40	7-7		
May 27, 1924. Jobbers Sales.	282662	Walker Fruit Co., Ltd.	15		41 25		25 50	4 66			31 06	10 19	24-7		
		Weyburn Grocery, Ltd.	535		1,009 50		685 25	268 07	(Handling 30 00) (Sundry 13 10) Cr.		998 42	11 08			Returned to jobbers.
		Mutual, Regina.	134		326 75	3 25	323 50	254 60			251 82	71 68	23-6		
		Stockton & Mallinson	87		216 00		165 30				163 34	52 54	24-3		
		Lloyd Fruit Co., Ltd.	129		298 07		240 40	19 89			267 83	40 74	13-6		
May 27, 1924. Jobbers Sales.	282662	Rex Fruit Co., Ltd.	95		220 46		178 50				176 60	43 86	19-9		Sales 1 case short.
		Moose Jaw.	25		59 50		47 50	9 15			56 15	3 35	5-6		Shrinkage of 3 cases.
		Walker Fruit Co., Ltd.	20		52 75		38 00	4 11			41 71	11 04	20-9		Sales 2 cases short.
		Weyburn Grocery Co., Ltd.	25		71 50	2 75	68 75	9 76			56 76	11 99	17-4		
		Swift Current Grocery Co., Ltd.													

RHUBARB

MACINTOSH, COLE & ROBERTSON

CHARTERED ACCOUNTANTS

HEAD OFFICE, WINNIPEG, October 21, 1924.

HARRY HEREFORD, Esq.,

Registrar, Combines Investigation Act, 1923,

Department of Labour,

Ottawa, Ontario.

DEAR SIR,—In accordance with instructions received from yourself and Mr. L. F. Burrows, we have completed our investigation of the following matters in connection with the Combines Investigation Act, 1923, and submit hereunder our report thereon:—

"A"—Some of the shipments of British Columbia berries to Mutual Brokers, Winnipeg.

"B"—Certain shipments of grapes from Ontario during the year 1923.

"C"—Car No. 280632—Rhubarb.

"D"—Certain mixed cars.

"E"—Certain consignment cars reported by Mr. Atack, Representative of the B.C. Growers' Association.

"F"—Gilland Mortgage.

We obtained from Mr. Steele, of the Department of Agriculture, his correspondence file with the Commissioner, Mr. Lewis Duncan, from which we were able to obtain specific cases covering the above, which Mr. Duncan apparently had in mind to have investigated; details of such correspondence are as follows:—

A wire from Mr. Duncan to Mr. Steele from Calgary dated September 1, 1924, asking to investigate the returns of B.C. Growers' Union on the following cars: Nos. 280676, 280848, 280880 and 280454.

Letter dated September 4, 1924, from Calgary to Mr. Steele requesting the disposition of the following cars of strawberries shipped to Mutual Brokers, Winnipeg: 280688, 280810, 280660, 280858 and 280604.

Letter dated September 4, 1924, from Calgary to Mr. Steele requesting disposition of the following mixed cars: Nos. 282454 and 280852.

The following cars were taken by us as a basis of our investigation of the grapes shipments: Nos. 30661, 19928, 154339 and 19724.

Car. No. 274037 shipped on consignment to Messrs. Dingle & Stewart on September 12, 1924, was reported to us by Mr. Atack.

We attach hereto an Analysis of Sales of the shipments examined, taken from the lot records submitted by the Mutual Brokers and various jobbers participating in the car. These lot records were compiled by the different houses at our instigation and in accordance with your instructions have been accepted without verification.

In arriving at the percentage of profit where the jobbers' lot records disclose a shortage or overage of two or more cases, the percentage has been worked out on a per case basis; in all cases the percentage of profit is on sales.

With but one or two exceptions cars arriving in Winnipeg contained part only of the original consignment, Regina, Brandon and other points having participated en route, the freight or express, however, is usually paid by the Mutual Brokers, Winnipeg, and the amount shown for this item on the attached schedule is invariably for the whole car.

"A"—BERRIES

The various shipments of berries examined were received in 1924 and we are informed by Mr. Davidson of the Mutual Brokers Limited, that no brokerage has as yet been received, therefore, each Lot is subject to this further profit.

The question of credits and allowances to customers was taken up with the different jobbers and it was explained to us that it was practically impossible to apply credit notes to specific lots as these were usually paid in lump sums covering several shipments. Our further information is, however, that credits on berry shipments during the year 1924 were very small and would not to any great extent affect the profits shown.

Messrs. Bright & Emery handled practically all berry shipments for the Mutual Brokers on a handling charge of 2½ cents per case, which was paid by the jobbers.

Although the attached Analysis of Sales reveals the disposition of each shipment and the profits made by the various jobbers according to the lot records submitted, the correspondence on file discloses one or two other features in connection with certain shipments which we would draw to the attention of your commission.

Car No. 284454.—This car was reported to have arrived in bad condition and according to the information on file the price obtained by Messrs. Bright & Emery appeared to be \$2.25 per case delivered in Winnipeg.

Car No. 280880.—This car was reported as having arrived in very bad condition and according to a letter on file to Mr. Carruthers from the Mutual Brokers, Mr. Simington made an allowance of 50 cents per case.

Car No. 280858.—There is a letter on file under date of June 14, 1924, to Mr. Carruthers stating that Mr. Simington set a price of \$2 per case on these berries owing to its condition on arrival.

"B"—GRAPES

Concerning grape shipments during the year 1923, it was suggested to us by Mr. Burrows that particular attention should be given to the question of allowances and adjustments. The allowances on the various cars examined by us are shown under the heading of "Rebates from Sales": these amounts were examined in detail and it was found in each case that the amounts were deducted from the Mutual's invoices to the jobber and the justification for the allowance has, according to correspondence on file, in most cases been approved by Mr. McComb, the Niagara Fruit Growers' representative.

We have only concerned ourselves with the individual sales to the jobbers handling the car and the percentage of profit shown is based on the sales to their own customers and does not include divided car sales.

Your attention is drawn to car No. 30661 distributed by Messrs. Bright & Emery. The lot record submitted to us shows a shortage of 92 cases and in this instance the profit shown is on a per case basis.

"C"—RHUBARB

Car No. 280632.—This car from Dewdney, B.C., appears to have been handled on consignment by the various jobbers participating. The freight bill shows that the car arrived in Winnipeg on the 21st April, but according to account sales rendered by the various jobbers sales were effected between the 1st and 6th May, indicating a considerable delay.

The jobbers received a brokerage or handling charge of 15 per cent on their sales and the Mutual Brokers received a handling charge of \$15 and a brokerage of \$25 on the whole car.

"D"—MIXED CARS

Car No. 280852.—This car appears to have contained cherries and according to the account sales rendered by the Mutual Brokers 310 cases were sold to Messrs. Bright & Emery and 256 cases to the Pioneer Fruit Company at Brandon. Bright & Emery received the usual handling charge of 2½ cents per case which was paid by the various jobbers participating in the car and the Mutual Brokers received a brokerage of 10 cents per case—\$58.40.

Car No. 282454 consisted of mixed vegetables and was handled by the Setrling Fruit Company, the following being a summary of the disposition thereof:—

Invoice cost.. . . .	\$657 65
Freight.. . . .	305 78
	<hr/>
	963 43
Deduct D.C.S. sales.. . . .	762 22
	<hr/>
	201 21
Profit on sales.. . . .	96 99*
	<hr/>
Sales.. . . .	\$298 20
	<hr/>

*32.5 per cent profit.

According to a debit memo on file the Mutual Brokers received a brokerage of \$20 on this car. The Divided Car Sales have been eliminated in arriving at the profit of \$96.99 which is based on the Sterling Fruit Company's sales only.

"E"—CONSIGNMENT CARS

Mr. Atack, the B.C. Fruit Growers' representative, brought to our attention certain consignment cars, drawing our attention particularly to car No. 274037, which is the only one we investigated in detail, and we report thereon as follows:—

This car was consigned to Messrs. Dingle & Stewart from whom we obtained account sales and lot record. Our first examination of these documents disclosed a discrepancy between the two. According to the account sales the proceeds of this car reported to the Growers was \$908.42, whereas the lot record shows the sales to be \$1,021.27. We attempted

to make a summary of the sales from the actual invoices on file but found there were so many instances where lot record numbers were not shown on the invoice that it was impossible to arrive at any results that would be any way near accurate. We further endeavoured to ascertain with what degree of accuracy the account sales was made up and on what basis, also an attempt was made to verify the lot record which we were given to understand was made up from the Daily Sales Analysis. This verification disclosed many discrepancies for which we were unable to obtain satisfactory explanation. In many instances items shown on the lot record were not on the sales analysis and vice versa, and as the lot record submitted did not give invoice numbers it was not possible to trace the items back to the original invoices.

Some instances of items not on the lot record are as follows:—

Invoice No. 2370—31 cases peaches.	\$ 7 75
" " 2988—110 pounds pumpkins.	1 10

Tomatoes show a difference both ways; one sale of \$4.25 was found missing from the lot record.

A comparison of the lot record with the account sales disclosed not only a difference in total but difference in detail both as to amounts realized and quantities. We submit the following summary of some of the figures referred to:—

	Account Sales		Lot Record		Difference
	Quantity	Amount	Quantity	Amount	
		\$		\$	\$
Tomatoes.....	19 boxes	20 75	50 lbs.	59 00	28 25
Corn.....	10 crates	N.G.	25 doz.	10 80	10 80
Celery.....	10 "	30 25	184 lbs.	50 80	20 55
Crab Apples.....	72 boxes	69 75	64 bxs.	109 50	39 75

We understand that credit notes allowed to customers would account for part at least of the above differences, but here again the incompleteness of the company's records did not permit of verification.

After spending considerable time on this case we came to the conclusion that further investigation would be useless in view of the inaccuracies of the records of the company and the documents submitted.

We asked Mr. Dingle to explain the above discrepancies but he was unable to do so and stated that lot records on cars of this kind were not always correct, which left us with the impression that the account sales submitted to the Growers was merely an estimate and not based on the actual sales less credits. Your Commissioner will be able to prove this in his cross-examination.

GILLAND MORTGAGE

Our investigation of this transaction discloses the following information:—

A recent letter on file from Messrs. Hough, Campbell & Ferguson, barristers, reporting a search of the property, shows that a mortgage for \$12,000 No. 50721 from Eugenie Merrill Gilland to Hugh Ferguson was duly registered in the L.T.O. at New Westminster on the 25th July, 1923, on lots 9 and 10, block 1 of group 11, New Westminster, forming a first charge thereon. Our information is that the buildings on this property consist of a Cold Storage Plant for the cooling of fresh fruit.

We are informed by Mr. Lloyd and Mr. Simington, which was supported by the correspondence on file in connection with the matter, that in the first instance this money was advanced to Gilland by Vancouver and Calgary offices of the Nash-Simington Company through Hugh Ferguson, Financial Agent of the city of Vancouver, and later these two offices were reimbursed by the Mutual Purchasing Company, Limited, of Winnipeg. It appears that the company did not want its name connected with Gilland in this deal.

At the time the mortgage was registered a Declaration of Trust was received from Mr. Ferguson showing that this mortgage was held in trust on behalf of the company. There is a letter on file from the Royal Trust Company dated the 30th May, 1924, showing that this mortgage is now held by this company in trust for the Mutual Purchasing Company, Limited. We accepted this letter as evidence of their custody of the mortgage and did not examine the mortgage itself.

GENERAL

In conducting our examination of the various houses we had in mind the possibility of differential prices between Independent Jobbers and the Nash Houses, such as was disclosed in Calgary, but no cases were brought to our notice.

In examining the Mutual Brokers' records we kept in mind the possibility of a merchandising profit similar to that disclosed in the examination of the Regina Brokers. The sales appear to offset the purchases of the merchandise account in 1924, but it was noticed **that there was a profit made on merchandise in the year 1923 of some \$1,450.** It was explained to us, however, that this was not actually a merchandise profit but represented brokerage deducted from the face of the invoice when remitting to the Growers or Mr. Carruthers of Calgary, and should really have been transferred to brokerage account. We examined one or two cases which supported this contention but our examination was not sufficient to prove that the whole amount was made up in this way.

Submitting the foregoing,

Yours faithfully,

M. C. & R., *Chartered Accountants.*

DEPARTMENT OF LABOUR

FRUIT INVESTIGATION—WINNIPEG, MANITOBA

Copy of account sales rendered by Messrs. Dingle & Stewart, Winnipeg, to Associated Growers of B.C. Limited, Vernon, B.C., covering car No. 274037, containing Vegetables and Fruits.

Quantity	Items	Amount	Total
			\$
72	Boxes Transcendent Crab apples, Fancy.....	69 75	
168	Crates Red Astrachan Apples, Fancy.....	352 30	
3	" Golden Bantam Corn.....	N.G.	
94	Boxes Peaches, Triumph No. 1.....	48 40	
131	" Plums, loose.....	81 30	
19	" Tomatoes, Earliana Med.....	20 75	
10	" Peppers, No. 80 net.....	15 30	
12	" Pickling Cucumbers.....	N.G.	
250	" Cucumbers.....	258 15	
10	" Citron.....	9 53	
1	Crate Cabbage.....	2 00	
7	" Pumpkin.....	15 69	
1	" Squash.....	5 00	
10	" Celery.....	30 25	
	Amount advanced.....	908 42	
	Commission, 15 per cent.....	136 27	
		772 15	
	Freight.....	282 21	
		489 94	
	Less allowance.....	17 51	
			472 43
	Net proceeds.....		472 43

DEPARTMENT OF LABOUR
FRUIT INVESTIGATION—WINNIPEG, MANITOBA

ANALYSIS OF SALES OF SOME OF THE SHIPMENTS OF FRUITS FOR THE YEARS 1923 AND 1924

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BERRIES

Date	Car No.	Name	No. of cases	Sales	Re-bates	Nett sales	Invoice cost	Freight	Hand-ling	Total cost	Profit	Per cent	Remarks
				\$ cts.		\$ cts.	\$ cts.	\$ cts.		\$ cts.			
June 17, 1924. Jobbers Sales.	280830	Mutual	768	1,740 33		1,740 33	2,692 48	465 52		1,728 00	21 33	.....	Handling charges Bright & Emery.
		Rogers Fruit Co.	163	561 33	15 10	486 25	382 20			382 20	104 05	21 6	
		Cran Mowatt.	84	264 63		264 63	191 10			191 10	73 50	27 7	
		Dingle & Stewart.	83	227 25		227 25	188 83			188 83	48 42	20	\$11.10.
		Scott Fruit Co.	80	170 00		170 00	132 00			132 00	Loss	.....
		Sterling Fruit Co.	84	244 50		244 50	191 10			191 10	53 40	22	
		Vipond Fruit Co.	82	218 00		218 00	191 10			191 10	26 90	12 3	
		Bright & Emery	115	460 35		460 35	263 75			263 75	88	27 7	Overage 30½ cases.
		Mutual	270	1,153 36		1,153 36	675 19	472 31		1,147 50	6 16	.....	Handling charge Bright & Emery.
		Rogers Fruit Co.	65	275 85		275 85	277 88			277 88	.....	7	Per case, shrinkage 5 cases.
		Cran Mowatt.	32	156 00		156 00	136 80			136 80	19 20	12 3	
June 7, 1924. Jobbers Sales.	280810	Dingle & Stewart.	35	147 50		147 50	102 45			102 45	14 95	.....	Shrinkage 1½ cases.
		Scott Fruit Co.	38	144 00		144 00	149 63			149 63	5 63	.....	"
		Sterling Fruit Co.	32	109 25		109 25	136 80			136 80	27 55	.....	"
		Vipond Fruit Co.	32	123 25		123 25	135 80			135 80	12 55	.....	Shrinkage 1½ cases.
		Bright & Emery	36	161 50		161 50	153 00			153 00	9 50	5 9	
		Mutual	816	1,649 75		1,649 75	1,115 07	516 93		1,652 00	17 75	.....	Handling charges Bright & Emery.
		Rogers Fruit Co.	196	595 10		595 10	396 90			396 90	188 20	33 6	Per case, overage 4 cases.
		Cran Mowatt.	98	361 50		361 50	198 45			198 45	163 05	45	
		Dingle & Stewart.	114	348 70		348 70	230 85			230 85	117 85	33	
		Scott Fruit Co.	106	268 25		268 25	214 65			214 65	51 65	44	per case, shrinkage 2½ cases.
		Sterling Fruit Co.	98	292 00		292 00	198 45			198 45	93 55	32	2 cases overage.
June 13, 1924. Jobbers Sales.	280858	Vipond Fruit Co.	98	261 25		261 25	198 45			198 45	62 80	24	
		Bright & Emery	.....	Lot Number mixed with another car—no details given.									
		Mutual	816	1,853 73		1,853 72	1,367 79	468 21		1,836 00	17 73	.....	Handling charge Bright & Emery.
		Rogers Fruit Co.	196	590 25		590 25	445 90			445 90	153 3	5	Per case, shrinkage 3 cases.
		Cran Mowatt.	98	328 85		328 85	222 95			222 95	105 90	32 3	
		Dingle & Stewart.	113	379 95		379 95	257 08			257 08	122 87	32 3	
		Scott Fruit Co.	106	335 75		335 75	241 15			241 15	94 60	30 9	Per case, shrinkage 4½ cases.
		Sterling Fruit Co.	98	305 95		305 95	222 95			222 95	83 00	32 3	
		Vipond Fruit Co.	98	287 25		287 25	222 95			222 95	64 30	22 4	
		Bright & Emery	107	294 50		294 50	240 75			240 75	53 75	21 7	Per case, shrinkage 4½ cases.
June 20, 1924. Jobbers Sales.	280604	Mutual	816	2,258 49		2,258 49	1,771 72	473 53		2,245 25	13 25	.....	Handling charge Bright & Emery.
		Rogers Fruit Co.	139	489 00		489 00	385 73			385 73	103 27	21 1	
		Cran Mowatt.	73	254 60		254 60	202 58			202 58	53 02	20 4	
		Dingle & Stewart.	95	316 83		316 83	263 63			263 63	53 20	17	
		Scott Fruit Co.	78	264 73		264 73	216 45			216 45	48 28	21 3	Per case, shrinkage 3 cases.
		Sterling Fruit Co.	72	249 80		249 80	199 80			199 80	50 00	20	
		Vipond Fruit Co.	72	256 25		256 25	199 80			199 80	56 45	22	Shrinkage 2 cases.
		Bright & Emery	82	343 19		343 19	225 50			225 50	117 69	22 3	Per case, overage 15 cases.
		Mutual	816	2,258 49		2,258 49	1,771 72	473 53		2,245 25	13 25	.....
		Rogers Fruit Co.	139	489 00		489 00	385 73			385 73	103 27	21 1	
		Cran Mowatt.	73	254 60		254 60	202 58			202 58	53 02	20 4	

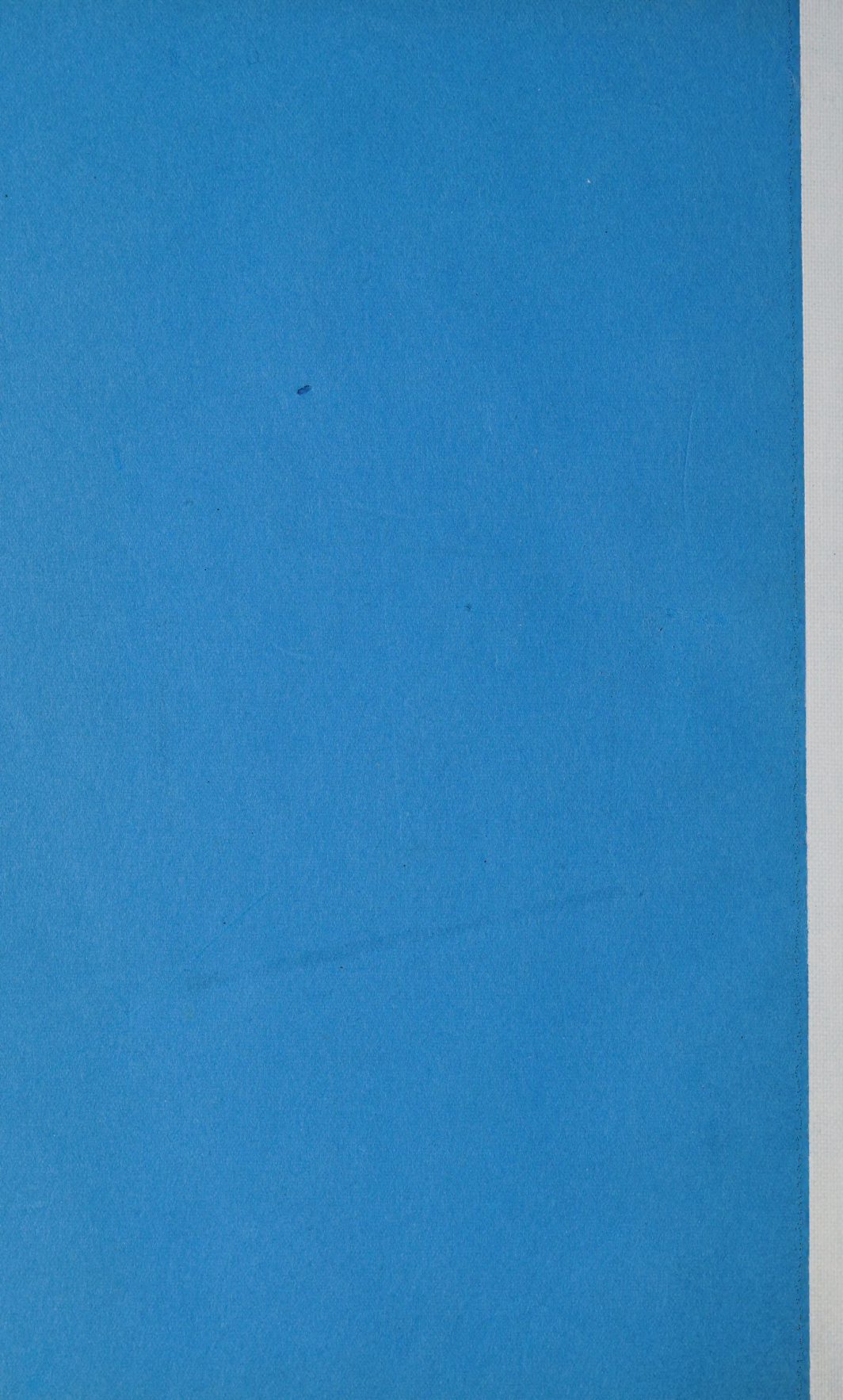
June 18, 1924.....	280652	Mutual.....	446	635 16	.....	635 16	132 70	492 71	.....	625 50	9 66	.....	Handling charges Bright & Emery.
Jobbers Sales.....		Rogers Fruit Co.....	102	234 25	.....	233 75	145 35	.....	.....	145 35	88 40	.....
		Cruz Movatt.....	54	124 20	.....	124 20	78 95	.....	.....	78 95	47 25	.....
		Dingle & Stewart.....	53	148 50	.....	148 50	80 78	.....	.....	80 78	58 72	.....
		Scott Fruit Co.....	59	137 00	.....	137 00	84 08	.....	.....	84 08	52 02	.....
		Sterling Fruit Co.....	54	101 00	.....	101 00	76 25	.....	.....	76 25	24 05	.....
		Vipond Fruit Co.....	54	104 30	.....	104 30	76 25	.....	.....	76 25	27 35	.....
		Bright & Emery.....	59	109 75	.....	109 75	83 10	.....	.....	83 10	24 65	.....
June 19, 1924.....	280454	Mutual.....	767	1,741 93	.....	1,741 93	1,267 41	458 59	.....	1,726 00	15 93	.....	Handling charges Bright & Emery.
Jobbers Sales.....		Rogers Fruit Co.....	183	404 55	.....	403 40	416 33	.....	.....	416 33	77 07	.....
		Cruz Movatt.....	92	332 00	.....	332 00	206 30	.....	.....	300 30	94 10	.....
		Dingle & Stewart.....	78	256 50	.....	256 50	177 45	.....	.....	177 45	79 05	.....
		Scott Fruit Co.....	100	249 30	.....	249 30	227 50	.....	.....	227 50	29 80	.....
		Sterling Fruit Co.....	92	247 30	.....	247 30	209 30	.....	.....	209 30	27 80	.....
		Vipond Fruit Co.....	92	257 50	.....	257 50	209 30	.....	.....	209 30	48 30	.....
		Bright & Emery.....	129	367 30	.....	367 30	292 75	.....	.....	292 75	71 55	.....
July 10, 1924.....	280676	Mutual.....	847	2,469 58	.....	2,469 58	1,967 62	488 68	.....	2,456 30	13 38	.....	Handling charges Bright & Emery.
Jobbers Sales.....		Rogers Fruit Co.....	153	509 20	.....	509 20	447 53	.....	.....	447 53	61 67	.....
		Cruz Movatt.....	72	252 00	.....	252 00	210 60	.....	.....	210 60	41 40	.....
		Dingle & Stewart.....	84	313 00	.....	310 50	245 70	.....	.....	245 70	64 50	.....
		Scott Fruit Co.....	78	265 50	.....	265 50	228 15	.....	.....	228 15	37 35	.....
		Sterling Fruit Co.....	72	243 20	.....	243 20	210 60	.....	.....	210 60	32 60	.....
		Vipond Fruit Co.....	72	263 40	.....	263 40	210 60	.....	.....	210 60	52 80	.....
		Bright & Emery.....	104	381 50	.....	381 50	301 60	.....	.....	301 60	79 90	.....	Overage 2½ cases.
June 27, 1924.....	280688	Mutual.....	768	2,326 96	.....	2,326 96	1,828 14	475 86	.....	2,304 00	22 96	.....	Handling charges Bright & Emery,
Jobbers Sales.....		Rogers Fruit Co.....	237	763 05	.....	763 05	715 74	.....	.....	715 74	47 31	.....	including profit on 5 c/s overage.
		Sterling Fruit Co.....	161	509 85	.....	509 85	486 22	.....	.....	486 22	20 83	.....	Per case, shrinkage 4½ cases.
		Bright & Emery.....	175	548 50	.....	548 50	525 00	.....	.....	525 00	37	.....	Per case, shrinkage 12 cases.

GRAPES

Oct. 25, 1923.....	30061	Mutual.....	2,500	850 00	125 00	725 00	682 50	.....	.....	682 50	42 50	5	Commission.
Jobbers Sales.....		Bright & Emery.....	1,370	621 68	.....	621 68	725 00	.....	.....	984 10	88 39	19-8	Per basket, shrinkage 92 baskets.
		DCS.....	1,130	450 87	.....	450 87	.....	.....	.....	.....	.....	.....
Oct. 25, 1923.....	19928	Mutual.....	2,500	925 00	37 00	888 00	841 75	.....	.....	841 75	46 25	5	Commission.
Jobbers Sales.....		Dingle & Stewart.....	500	258 45	.....	258 45	880 00	.....	.....	1,139 87	57 18	22-1	Handling charge \$15.40.
		DCS.....	2,000	954 00	.....	954 00	.....	.....	.....	.....	.....	.....
Oct. 1, 1923.....	154339	Mutual.....	2,683	912 22	134 30	777 92	739 03	.....	.....	739 03	38 89	5	Commission.
Jobbers Sales.....		Rogers Fruit Co.....	2,683	1,373 95	.....	1,373 95	777 92	.....	.....	1,067 55	306 40	22-3	
Sept. 17, 1923.....	19724	Mutual.....	2,206	882 40	175 00	707 40	672 03	.....	.....	672 03	35 37	5	Commission.
Jobbers Sales.....		Bright & Emery.....	500	260 63	.....	260 63	707 40	.....	.....	966 20	57 00	21-8	
		DCS.....	1,706	762 57	.....	762 57	.....	.....	.....	.....	.....	.....

ANALYSIS OF SALES OF CERTAIN OF THE SHIPMENTS OF FRUITS FOR THE YEARS 1923 AND 1924—Continued.

Date	Car No.	Name	No. of cases	Sales \$ cts.	Re- bates	Nett sales \$ cts.	Invoice cost \$ cts.	Freight \$ cts.	Hand- ling	Total cost \$ cts.	Profit \$ cts.	Per cent	Remarks
RHUBARB													
May 6, 1924	280632	Mutual	500	539 26		539 26	273 94	225 32	15 00	514 26			Brokerage \$25.
Jobbers Sales		Rogers Fruit Co.	155	180 15		180 15	153 15			153 15	27 00		Handling charges, 15 per cent.
		Dingle & Stewart	125	169 65	5 70	163 95	139 35			139 35	24 60		Handling charges, 15 per cent.
		Sterling Fruit Co.	110	131 50	1 75	129 75	110 25			110 25	19 50		Handling charges, 15 per cent.
		Bright & Emery	110	160 60		160 60	136 51			136 51	24 09		Handling charges, 15 per cent.
CHERRIES													
June 30, 1924	280852	Mutual	584	1,846 42		1,846 42	1,207 84	573 31		1,781 15	58 40		10 cents per cs. handling charge, Bright & Emery.
Jobbers Sales		Sterling Fruit Co.	42	356 00		356 00	131 22			331 22	6 87		
		Rogers Fruit Co.	85	291 25		291 25	260 29			260 29	24 78	15-8	
		Scott Fruit Co.	47	258 93		258 93	146 09			146 09	30 96	10-6	
		Dingle & Stewart	53	226 40		226 40	175 63			175 63	12 84	8	
		Cran Mowatt	45	186 00		186 00	138 79			138 79	50 77	22-3	Shrinkage 1½ cases.
		Bright & Emery	47	198 33		198 33	145 40			145 40	45 21	24-5	Per case, shrinkage 3½ cases.
											12 95	15	



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